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CONFESSIONS OF AN ECONOMIC HIT MAN

3RD EDITION

12 EXPLOSIVE NEW CHAPTERS

- China's EHM Strategy
- Ways to Stop the Global Takeover

JOHN PERKINS

CONFESSIONS OF AN ECONOMIC HIT MAN 3RD EDITION

JOHN PERKINS

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Confessions of an Economic Hit Man, 3rd Edition

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To Kiman Lucas who, in addition to being my inspirational muse, critiqued and suggested changes to this manuscript from the beginning, and to the many people around the world who act to transform a degenerative death economy into a regenerative life economy.

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PREFACE

Economic hit men (EHMs) are highly paid professionals who cheat countries around the globe out of trillions of dollars. They funnel money from the World Bank, the US Agency for International Development (USAID), and other foreign "aid" organizations into the coffers of huge corporations and the pockets of a few wealthy families who control the planet's natural resources. Their tools include fraudulent financial reports, rigged elections, payoffs, extortion, sex, and murder. They play a game as old as empire, but one that has taken on new and terrifying dimensions during this time of globalization.

I should know; I was an EHM.[*]

Those were the opening words of *Confessions of an Economic Hit Man*, published in 2004. A book that exposes the unforgivable acts I committed as chief economist at a major US consulting firm and the crimes executed by the CIA assets, known as jackals, who stood behind me, it quickly became a *New York Times* bestseller (for seventy-three weeks), as well as an international bestseller.

After reading it, my former college professor and author of the bestselling classic *A People's History of the United States*, Howard Zinn, invited me to lunch.

I told him I was haunted by guilt over what I'd done.

"We're all guilty," Howard replied. "We allow ourselves to be duped. We have to admit that although the big corporations own the propaganda machine, we allow ourselves to be duped. Inertia is powerful. We will do anything to maintain a system that has failed us."

That system is promoted by an Economic Hit Man (EHM) strategy that took on new and ominous proportions after China entered the fray in the early 2000s. When I decided to update this book to cover the changing relations between China, the US, and the rest of the world, I assumed that I had to address three significant themes. First, competition for global dominance had shifted from the military to the economic. Second, there was a trend toward uniting the world under initiatives like China's New Silk

Road (officially the Belt and Road Initiative, or BRI) and American-led global financial structures. And third, the future of life as we know it depends on ending EHM strategies everywhere and transforming a failing degenerative system, known as a death economy, into a regenerative one, known as a life economy. However, as I was working on this new edition, two world-changing events happened that added new perspectives to these themes: the coronavirus pandemic and the Russian invasion of Ukraine.

The pandemic taught us that we are a global community vulnerable to unpredictable crises and that, when necessary, we can change. Russia's invasion catapulted us back to Cold War military policies and fears of a nuclear holocaust. It also showed us the importance of nations uniting against a common challenge and created new opportunities, as well as obstacles, for China.

My job during the Cold War was to implement the US EHM strategy in Africa, Asia, Latin America, and the Middle East. In our determination to stop Communism, we told the world—and ourselves—that we were ending poverty and encouraging democracy. In fact, we were making the rich and powerful richer and more powerful, causing a climate catastrophe, and increasing human inequality, environmental destruction, and species extinctions. Although we did not fully understand it until 2022, we also were helping to lay the foundations that would encourage a Russian leader to follow in the footsteps of a ruthless former Soviet dictator, Stalin.

By the early part of the twenty-first century, a new breed of economic hit men had spread around the world. *The New Confessions of an Economic Hit Man*, published in 2016 (an updated and expanded edition of my original *Confessions of an Economic Hit Man*), describes the ways this new breed brought the strategy home to the United States and other higher-income countries, in addition to continuing to target lower-income countries. Most of the world had been hit by socio-governmental-economic policies that encourage materialistic consumption and the maximization of short-term profits, regardless of the social and environmental costs. Combined with the resulting cultural values, laws, technologies, institutions, and actions, these policies have led to the resource-devouring death economy, which is untenable in the long run. That second book offered a plan to transform the death economy into a sustainable, regenerative life economy—one that is driven by a goal of maximizing long-term benefits for people and nature. Instead of paying people to act in ways that ravage and pollute the planet,

the life economy pays them to clean up pollution, restore destroyed environments, recycle, and develop technologies and systems that enhance the future for all species.

Those books impacted people in many countries. With sales approaching two million copies in thirty-eight languages, the books were discussed at international economic summits, environmental conferences, and universities on every continent. I was often invited to speak at these gatherings. Participants regularly told me that the books exposed events that they had suspected but had not allowed themselves to believe had happened — until they read accounts written by someone who had experienced them firsthand. Several organizations of students and activists, including participants in the Economy of Francesco—a program convened by Pope Francis—began referring to themselves as "Life Economists."

I met with heads of state and their top advisors from many countries. Two particularly significant venues were conferences in the summer of 2017 in Russia and Kazakhstan, where I was invited to join an array of speakers that included Russian President Vladimir Putin, UN Secretary General António Guterres, and Indian Prime Minister Narendra Modi. I was asked to speak on the need to end unsustainable systems and replace them with the regenerative ones that were beginning to evolve. When I left for that trip, I felt encouraged.

But something else happened. In talking with some of the world's most influential government, business, and thought leaders and with former prime ministers from France, Kazakhstan, Kyrgyzstan, and Poland who had been involved in China's New Silk Road, I learned that an innovative, potent, and dangerous strategy was being implemented by China's economic hit men—a strategy that will be described in detail throughout this book. It began to seem impossible to stop a country that in a few decades had pulled itself from the ashes of Mao's Cultural Revolution to become a dominant world power and was a major contributor to the death economy. Then I remembered Howard Zinn.

Howard had said, "Inertia is powerful. We will do anything to maintain a system that has failed us." He offered advice about how to assuage my feelings of guilt. "Show people," he told me, "that the way out, redemption, comes from changing that system."

Howard and I talked many times after that lunch. He encouraged me to expose the failures of the EHM strategy. He helped me understand that for

decades we were lulled into believing only the good aspects: that the US strategy gave us modern science, medicine, and technology. Now, we know that it also causes the many crises that threaten our very existence.

This is a true story. I lived every minute of those events that I describe as part of my life—the sights, the sounds, the smells, the people, the activities, the conversations, and the feelings.

Although they were my experiences, they occurred within the larger context of world events that have shaped our history and brought us to today's crises. Because they form the foundation of our children's futures, it is essential that we understand the underlying causes and initiate appropriate changes. I have made every effort to present those experiences, people, and conversations accurately. Whenever I discuss recent and historical events or re-create conversations with other people, I do so with the help of several tools: published documents; personal records and notes; recollections (my own and those of others); manuscripts I began previously; and historical accounts—most notably, recently published ones that disclose information that formerly was classified or otherwise unavailable. In some cases, I combine several dialogues I had with a person into one conversation to facilitate the flow of the narrative. References provided in the endnotes allow interested readers to pursue these subjects in more depth.

It is important to understand that we are all victims of the EHM strategy. Americans, Chinese, Russians, Africans, Asians, Europeans, Latin Americans, and people from the island nations, rich and poor—all living beings—are threatened. We can disagree on political, governmental, religious, and other issues, but we must agree that none of those matter on a dead planet—one where the EHM strategy continues. If we want our children to survive, it is imperative that we come together and end the EHM strategy everywhere. It is essential that China's leaders (and future leaders) apply to the global community their popular Confucian ideal of serving the family; that US leaders (and future leaders) work to unite all the states of America and the world in a concerted effort to evade the crises facing us; that Russians understand that their safety rests on facilitating cooperation between West and East, not expanding their borders; and that a critical mass of people everywhere join hands to end the EHM strategy and transform the death economy into a life economy.

The goal of this book is to inspire you to help make that happen.

* Because it is included in the title of the two books preceding this one, I continue to use the term *economic hit man (EHM)* even though there are many women among its ranks.

INTRODUCTION

The Third Economic Hit Man Wave and China's EHM Strategy

It's important to emphasize that people everywhere are victims of the EHM strategy. We have been duped. Many of us have bought into the idea that our country is doing the right thing. That is true for Russians, Chinese, Brazilians, Nigerians, Americans, and people in so many places. Even though we are victims, we are also collaborators. The strategy works because we support it.

Since the time of the ancient Chinese, Persian, and Roman empires, the basic strategy has served those who seek to dominate others—both inside and outside their borders. Despite all the cultural and technological changes over the centuries, that strategy has focused on the same goal: the exploitation of resources to satisfy short-term materialistic consumption and increase the riches and power of a few elites.

The goal of domination is cloaked in a critical factor: the perception that those being dominated are receiving benefits. In modern times, the justification for EHM tactics is the perception that they produce better lives for all, raising lower-income countries to higher-income status and elevating the poorest people to the middle class. "We are the good guys" is the story taught in economics and business courses at universities, as well as in World Bank and International Monetary Fund (IMF) reports. For many years, believing this story, I was eager to spread that perception. Like so many involved in the economic development business, I was convinced that I was doing the right thing. I and my staff compiled impressive statistics and created sophisticated econometric models to "prove" that our strategy resulted in greater prosperity, equality, and democracy. Eventually, I realized that we were promoting a lie.

Although economists develop much more complex models, a simple back-of-the-envelope calculation illustrates how numbers can be used to deceive. In the United States three individuals have as much wealth as half the population. If those three individuals earned 10 percent on their wealth

in one year while half the population lost 3 percent and the rest remained the same, the composite would indicate an average growth of slightly greater than 3 percent. The perception would be that everyone in the country prospered, and yet the truth would be the opposite. Only three individuals made all the money.

Statistics about the numbers of people who have gained access to electricity, water and sewage systems, televisions, and cell phones, along with complex econometric models, appear to demonstrate that huge investments in infrastructure create economic growth that translates to prosperity for everyone in a country. However, as the many examples in this book illustrate, those conclusions are based on measurements of gross domestic product (GDP), gross national product (GNP), and other metrics established by the institutions that promote the EHM strategy. Increases in such metrics do not indicate overall prosperity. Instead, such growth often concentrates more and more power and wealth in the hands of a few, increases inequality, and results in environmental destruction and climate change. People may have cell phones, but too often they live in squalid conditions under the shadow of glittering skyscrapers. Their homes may have electricity but are built with toxic materials. They may be connected to water and sewage systems, but their air and lands are polluted, and their food lacks nutrition and may be carcinogenic. Many are driven to crime and drugs. What has been promoted—perceived—as good is bad for billions of people and for nature.

The modern version of the EHM strategy can be summarized as follows.

A higher-income nation identifies lower-income nations that possess oil or other resources but lack sufficient means and/or the political will to develop them. The higher-income nation sends its EHMs to convince the lower-income nations to accept large loans, using their undeveloped resources as collateral. An important condition is that the money is earmarked to hire higher-income-nation companies to build infrastructure projects that drive economic growth—especially in the vital energy sector (today, electricity). These companies reap huge profits, a few local elite business owners benefit from the improved infrastructure, and everyone else suffers because funds are diverted from health services, education, and other public sectors to pay interest on the loans. The debts are so large they can’t be repaid. The lower-income countries default on their loans. This process is sometimes referred to as *debt-trap diplomacy*.

As a first step toward resolving the default problem, the EHMs demand that the lower-income nations sell their oil, minerals, or other collateralized resources at rock-bottom prices to higher-income-nation corporations, with few (if any) environmental and social regulations. If a country's collateralized resources turn out to be insufficient to pay off the debt, the second step is to implement what are known as *neoliberal* policies. These include austerity programs that cut taxes for the rich and wages and social services for everyone else, reduce government regulations, privatize public-sector businesses and sell them to higher-income-country investors, and discourage collective bargaining—all of which support "free" markets that favor transnational corporations. Neoliberal advocates promote the perception that money will "trickle down" from the corporations and elites to the rest of the population; however, these policies almost always cause greater inequality.

The system is based on what the woman who trained me (more on her later) referred to as the four pillars of the EHM strategy: fear, debt, anxiety over insufficiency (of food, housing, etc.), and divide and conquer. Historically, the strategy leaned heavily on fear caused by military intimidation, and usually this led to the implementation of the other three pillars. For example: Potentate A defeated Potentate B in a war that devastated B's lands; A put B into debt by offering B his daughter in marriage, investing in the restoration of B's lands, and promising to increase prosperity for B's people; and an important condition for such "generosity" was that B would help A divide and conquer neighboring states.

The emphasis on the various pillars might change from time to time and depending on specific circumstances, but the general strategy persisted for most of recorded history . . . until significant modifications occurred during my EHM days in the 1970s.

The failure of the world's largest, best-equipped military to defeat North Vietnam, combined with the Cold War specter of a nuclear holocaust, replaced the pillar of instilling fear in others with the pillar of debt as the primary tactic. The military and all the business associated with it were relegated to a backup role. Although the possibility of coups, assassinations, and invasions lurked in the shadows, beginning about the time I entered the EHM ranks, debt became the most important tool in the strategy. This highly successful modification was driven by the first wave of modern

post–World War II EHMs, as detailed in Parts II–V of this book and hereafter referred to simply as the "first EHM wave." It lasted until September 11, 2001.

After the attacks on the World Trade Center and Pentagon, the US military stepped back to center stage. Businesses that produced or sold war materiel and those that provided them with financing, insurance, and other services intensified their activities. In addition to the highly visible wars in Iraq and Afghanistan, US military actions increased in every country suspected of harboring terrorist organizations. The CIA, NSA, and other US agencies accelerated their actions. Debt programs that had been so successfully implemented in lower-income countries during the previous four decades by the first EHM wave also continued. At the same time, a "second EHM wave" took the strategy to new levels and applied it in the US and other higher-income countries, as described in Part VI.

Beijing recognized an opportunity. China's leaders understood the leverage they could gain by getting their EHMs to modify the four pillars even more than the US EHMs had. They also saw the advantage of taking this strategy to all the regions the US was neglecting as it concentrated on the Middle East. Thus began the "third EHM wave," as detailed in Part VII.

The Critical Factor: Perception

Marketing executives, psychotherapists, and politicians know that perception molds reality. Countries, cultures, religions, and corporations do not exist until enough people accept a perception that drives them to take reality-altering actions. Nations intent on dominating others understand that the key to their strategy is perception.

"To attain eternal salvation, the savages must be civilized." "The red tide of Communism needs to be stopped before it inundates the world." "Success is measured by short-term profits, stock prices, and trade balances." Perceptions like these have been ingrained in national psyches. They are integral to what Howard Zinn referred to as the "propaganda machine." They are taught in schools, inspire lofty political rhetoric, influence the media, motivate soldiers to go to war, and are the foundation of a nation's biases around race and culture. They justify EHM strategies.

The first and second waves of American EHMs promoted a perception that may be summarized as: "If you want your country to prosper, accept loans from the Washington Consensus, hire our companies to build infrastructure projects, and submit to neoliberal policies." The Washington Consensus refers to the World Bank, IMF, US Treasury Department, and related institutions—organizations that provide the loans and enforce neoliberalism.

While Washington was distracted in the Middle East and resentment of the US grew in many countries, China's third EHM wave offered a perception that was distinctly different from that of the United States.

China Modifies the EHM Strategy

Xi Jinping became president[†] of China in 2013 and immediately began campaigning in Africa and Latin America. He and his EHMs emphasized that, by rejecting neoliberalism and developing its own model, China had accomplished the seemingly impossible. It had experienced an average annual economic growth rate of nearly 10 percent for three decades and elevated more than 700 million people out of extreme poverty.[1] It had risen from the catastrophe of the Cultural Revolution to become the world's second most powerful economy. No other country had ever done anything even remotely approaching this.

China presented itself as a model for rapid economic success at home and made major modifications to the EHM strategy abroad.

President Xi's administration changed that critical factor, perception. It maintained that Beijing did not demand influence over other countries' governmental policies. China replaced the US's "If you want your country to prosper, accept loans from the Washington Consensus, hire our companies to build infrastructure projects, and submit to neoliberal policies" with "If you want your country to prosper, accept China as a partner in global trade that will not interfere in your government and use Chinese loans to hire our companies to build the infrastructure that makes this possible." Substituting neoliberal conditionalities with promises of non-interference appeals to leaders of countries accustomed to creditor demands —despite China's pattern of breaking those promises.

Along with this change in perception, the third EHM wave also altered the four pillars.

Fear

In the case of fear, until recently, China had not stationed troops in or threatened most other countries—with major exceptions in the South China Sea, Taiwan, Hong Kong, Tibet, and along its frontiers with India, Bhutan, Myanmar, and Russia. Instead, China's EHMs focus on fears of poverty and underdevelopment and the US's history of staging coups and assassinations. These fears ring true to people who have experienced centuries of militarily imposed European colonialism and post–World War II occupation by US troops. However, it is important to note that China's authoritarian government is similar to those of colonial empires. Seemingly overnight, it has developed a navy that competes in strength with that of the US. It recently built a base in Djibouti and has held discussions for increasing its military presence in several other countries, including Cambodia, Myanmar, Pakistan, Tajikistan, and the Solomon Islands. These actions, along with its crackdown on Hong Kong, serve as warnings to countries that depend too strongly on China.

Debt

China's pillar of debt differs from that of the US in several significant aspects, both positive and negative. The positive: 1) unlike the US, China promises not to interfere in government policies of debtor countries; and 2) China encourages local officials to determine the types of projects financed through its loans, as opposed to the US's insistence on hiring "experts" who often are biased toward their own "foreign" ways of thinking. The negatives: 1) despite its claims of non-interference, China frequently pressures creditor countries to support its own policies, especially those around Taiwan, Hong Kong, Tibet, the Uyghurs, and other minorities; 2) although encouraging local officials to determine the use of loans is a positive in theory, it also has the negative potential of facilitating corruption because these officials can line their own pockets in the process; 3) China insists on using Chinese workers and parts that have to be replaced by other

Chinese parts, thus establishing a perpetual dependency; 4) many of China's projects are poorly engineered and shoddily constructed, which often leads to serious environmental and safety problems, as described in Chapters 1–3; and 5) because of China's authoritarian government and lack of media freedom, a debtor country has little opportunity to address its grievances around engineering, construction, social and environmental damage, labor practices, and corruption.

Anxiety over Insufficiency

The anxiety over insufficiency pillar is promoted similarly by the US and China. "Create prosperity by accepting our loans and hiring our companies" is the message from both countries. However, China's EHMs have the advantage of their own very recent rags-to-riches success story. Furthermore, their New Silk Road holds out the allure of connectivity with a vast global network of trading partners—something the US has never offered. And yet, the very attractiveness of this message poses a danger. The adage "if it sounds too good to be true, it probably is" is applicable. The allure of the New Silk Road can blindside countries to the reality that such interconnections may be used against them. Improved transportation networks open the door to greater exploitation, including incursions by foreign militaries. The appeal of ending insufficiency through debt-financed infrastructure can hide the realities of China's failed projects, behind-the-scenes political manipulation, and corruption.

Divide and Conquer

Lastly, a change in the divide and conquer pillar is arguably the most significant modification made by China's third EHM wave. The New Silk Road has reversed the divide and conquer idea with the promise of a world united by trade that will end extreme global poverty. When I first heard it described, my reaction was, "Why didn't we think of that?" In recent years, this idea has come to dominate much of the world. It appeals to a global population that is increasingly interdependent and to the romantic vision of the history-changing caravan trade routes of ancient times (the reason I prefer the unofficial title of the New Silk Road to the official Belt and Road

Initiative). But there is a downside. The New Silk Road is controlled by a single country, China, and governments change. Russia's invasion of Ukraine offers an example of how a tyrannical administration can suddenly alter the course of history. When power is concentrated in one person or an insulated group of insiders, as in Russia and China, it can change rapidly and without warning. Beijing is uniting countries that were once divided, but it is doing so under an autocratic government that suppresses self-evaluation and criticism.

It is important to keep in mind that rhetoric around China's modifications to the EHM strategy disguise the fact that China is using the same basic centuries-old tactics as those used by the US. Regardless of who implements this strategy, it is exploiting resources, expanding inequality, burying countries in debt, harming all but the elites, causing climate change, and worsening other crises that threaten our planet.

Why a Third Economic Hit Man Book?

China's global EHM takeover has become so broad and successful that the dynamics and dangers of it need to receive everyone's attention. China is now the largest trading partner with countries on every continent. Drawing on all four pillars of the EHM strategy, it has beaten out the United States in energy, transportation, communications, and other infrastructure development around the world, as detailed in Part VII.

Whatever one thinks of China, whatever its real intent, and despite recent setbacks, it is impossible not to recognize that China's domestic successes and its modifications to the EHM strategy impress much of the world. I personally did not fully appreciate this until I was invited to speak at international economic summits in Russia and Kazakhstan that were attended by more than twelve thousand of the world's most influential policy shapers. Speaker after speaker compared China's successes with US failures. One of several oft-quoted examples: The inflation-adjusted US average hourly wage had not increased since 1973 and the US middle class had shrunk from 60 percent to 50 percent of the population; during that same period, China's mushrooming wages raised hundreds of millions of people out of dire poverty into its middle class.[1]

As we step ever closer to the precipice of ecological, economic, and social destruction, it is essential that we recognize that we have been living under a false and dangerous perception. Maximization of short-term profits and materialistic consumption and the EHM strategy are killing us. I wrote this third economic hit man book because I felt it was important to analyze this strategy and its relationship to the many growing crises we all face—and to offer ideas that will help each of us move from being a victim to being an agent of change.

A Request for Help

News about the appalling conditions in China's detention camps and the crimes against the Uyghurs and other minorities have alerted the world to the darker aspects of today's China—as have its imperialistic actions in parts of Asia. At the same time, events in the US, ranging from white supremacist violence and acts of social and racial injustice to attempts to undermine electoral democracy and the horrible conditions in prisons and immigrant holding camps, have exposed a darker side of the US. Despite the truth behind such revelations, prejudices that result from focusing on the negative aspects of others too often block the path to the cooperation that is so urgently needed in this crisis-riddled world.

I realize that as a white, male American, I grew up prejudiced by a belief that I was entitled to opportunities unavailable to people of different skin pigmentation, gender, or citizenship. Beyond that, I and many of my baby-boomer contemporaries were influenced at an early age by films, TV shows, and cartoons that prejudiced us against people of African, Asian, and Middle Eastern heritage. I've traveled enough to know that human beings everywhere hold prejudices against others.

I hear such prejudices when people accuse me of being pro-Chinese because I write that China's model might seem attractive to other countries, as anti-Asian because I criticize China's strategy, and as anti-American because I expose the mistakes made by US EHMs.

So, I request your help.

I have worked diligently to write from as objective and fair a perspective as possible, yet I'm sure I'm unaware of some of my own biases and that

you may come across statements in this book that reflect those biases. If so, I ask for your forgiveness and understanding. Please know that my goal is not to offend anyone. Nor is it to defend China's model. Or America's model. It is rather to permanently relegate the EHM strategy to the trash bin of history. Every EHM strategy. Once and for all.

My hope is that by the time you finish this book you will be inspired to participate in a new era of global cooperation that redefines what it means to be successful human beings on this living planet.

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† Xi is usually referred to as "president" in English, but his title in Chinese is closer to "state chairman," which defines his role within China's Communist Party (CCP); he served as General Secretary of the CCP beginning in 2012. In this book, I will use the more common "president."

PART I

HARBINGER FOR THE FUTURE

1

A Defiant President

President Rafael Correa stood alone on the balcony of Ecuador's Government Palace and smiled down at the cluster of people beginning to gather below him in Quito's Independence Plaza. They were waving and pointing their cell phone cameras at him. In less than a year he would complete his second term as president and, as required under Ecuadorian law, retire from office in 2017. He would leave knowing that he had scored a major victory. He had met with China's President Xi Jinping and signed the deal of the century. He had beaten the American economic hit men at their own game.

US policies had impacted Correa all his life. It began when he was five years old and his father disappeared behind the walls of a US prison, convicted as a narco-trafficker who fed America's appetite for drugs in order to feed his family. Shortly after Rafael turned eleven, a CIA-supported coup resulted in the death of one of his heroes, the democratically elected Chilean president Salvador Allende. While he was still in his teens, he was greatly influenced by two of my EHM clients, Ecuador's president Jaime Roldós and Panama's Omar Torrijos. He admired the way both men stood up to the fraternity of US corporate, governmental, and banking heads who wanted to exploit their countries' resources. He was especially impressed by Roldós's commitment to ending the abuses of Big Oil and Torrijos's determination to gain Panamanian ownership of the canal that bisected his country. Both men resisted my personal attempts to bribe them and refused to buckle to death threats by the jackals who stepped in when I and other EHMs failed to corrupt them. Both were hated by Ronald Reagan and powerful US CEOs. The year when Correa turned eighteen and Reagan entered the White House, Roldós and Torrijos died in plane crashes that had all the markings of assassinations, as detailed in upcoming chapters.

Correa's father's trial and conviction, the shadow of the CIA that hung over the deaths of three heroic leaders, the Vietnam War, and race and social discord in the US drove the young man to learn about a system that seemed biased in favor of rich white Americans and their corporations. He studied hard and earned scholarships to an Ecuadorian college, then a master's degree from a Belgian university, and finally a PhD in economics from the University of Illinois. He'd experienced humiliation, degradation, and exploitation firsthand. It had motivated him to become an expert in a global system that was promoted by EHMs and called itself capitalism.

"I learned," President Correa would later tell me, "that your economic hit man game is about enslaving countries with debt. Then you own us." He understood the US's EHM strategy. He also wanted to find a way to make his country part of a more just and egalitarian global economic movement. After reading *Confessions of an Economic Hit Man*, he wrote to me, "I want to thank you for a significant contribution to the new universal way of searching for innovative and better approaches to coexistence." Under his leadership, Ecuador enacted a new constitution, the first in the world to legalize the inalienable rights of nature, and he established the Ministry of Buen Vivir (Good Living) to bring social-economic-environmental balance to all aspects of Ecuadorian life.

Buen Vivir Secretary of State Freddy Ehlers summed it up for me one day while we walked through Quito's beautiful El Ejido Park. "This president understands what's happening to the world," Freddy said. "He also knows that we are all in trouble, the current system needs fixing. Rafael wants to benefit his country and its environment and, in the process, make Ecuador a model for others to follow."

Correa raised his arms to the crowd rapidly growing below him. His popularity seemed to increase every day as people recognized that American domination was ending. To make the break from that domination, he had felt he had no choice but to turn to China.

One of the first things Correa had done after being elected president in the 2006 democratic election was to investigate the EHM strategy I had helped implement. He appointed a commission to examine World Bank loans that had been made to unelected military dictators. Correa's economics education had taught him that the US EHM strategy for domination was grounded in debt. The commission asked: Were the Ecuadorian people obligated to pay interest and principal on debt they had

not agreed to and that benefited dictators but not them? Following the commission's conclusions, Correa declared that much of Ecuador's $10 billion debt was illegitimate.[1] The Minister of Energy and Mines, Alberto Acosta, explained this to me as we sat in his office shortly after Correa's decision. "Banks that grant loans to unelected dictators," he said, "knowing they will finance projects that benefit the rich minorities and hurt the poor majorities, have to accept the blame for much of what is wrong here in Ecuador—and so many other places. After true democratic elections are held, elective officials must stand up for the majority."[2] Acosta had a degree in economics from the University of Cologne, Germany; like Correa, he understood the importance of escaping from the trap of the EHM strategy.

In retaliation for Correa's actions, Standard and Poor's Rating Services and Fitch Ratings slashed Ecuador's credit score. They were determined to send a signal that any country that refused to honor World Bank and other US debt claims, that did not buy into the EHM strategy, would be punished. Ecuador had to be brought to its knees.

But Correa was not about to give in. He recognized that modern capitalism was based on using the EHM strategy to beat the competition and attain monopolistic power. He saw, sooner than most, that the position of the United States as top competitor was being seriously challenged. The American monopoly, the empire, was showing signs of collapse. The "Chinese dragon" had woken up and it did not give a damn about rating services.

China came to Ecuador's rescue with a $1 billion loan, followed quickly by another billion.[3] Ecuador's credit ratings immediately rose. Correa had rejected neoliberalism and the Washington Consensus; he had successfully turned to Chinese bankers and their promises to expand trade throughout Latin America and with the rest of the world. To benefit from this New Silk Road, the country had to build up its electrical systems, highways, ports, and airports. All of this, along with the new schools and hospitals, would seal Correa's legacy as the leader who had used the sea of oil buried beneath Ecuador's rain forest as collateral to bring the nation out of poverty and set an example that offered hope to other countries.

Correa leaned against the railing and studied the crowd of onlookers that continued to gather below him; they were waving at him, smiling and shouting greetings, and continuing to snap photographs. He had done a good job. In addition to the new constitution and the Ministry of Buen

Vivir, he had brought unprecedented political stability to a country that had experienced seven presidents during the ten years before him and suffered from a long history of coups and military dictators. He had followed in the footsteps of his hero, President Roldós, during his first term by reining in foreign oil companies. In his second term, he had built the infrastructure and developed the social services he thought were critical to the well-being of his people. Ecuador had experienced continual economic growth, even during the 2008–2009 international financial crisis. The country's minimum wage had more than doubled and become one of the highest in Latin America. More than a million people had been lifted out of poverty. All this under his leadership.[4] He raised a hand and gave a thumbs-up to the people in the plaza. The Sino-Ecuador partnership had paid off.

But questions hounded Correa. Reporters kept asking, "Do you think the Chinese will be less exploitative than the Americans?" The reporters brought up the violence against the minority Uyghurs, Hong Kong and Tibet, the extension of Beijing's imperialistic activities in the South China Sea and toward Hong Kong and Taiwan, and its dismal record around freedom of speech, gender, and other human rights issues. And it wasn't just the reporters who asked those questions. Opposition politicians asked them. Correa's own advisors asked them. He himself asked them. And yet, he wanted to believe in China's stated commitment to spreading global trade. The New Silk Road idea contrasted sharply with Washington's focus on bilateral US–Ecuador projects and trade. In addition, China's President Xi had assured him that he would not use debt to impose Beijing's will on Ecuador. Besides, there was no backtracking. Correa had committed himself to reversing the excessively pro-American policies of his predecessors.

By the end of 2015, Correa had accepted nearly $6 billion from China, around 30 percent of Ecuador's external debt.[5] And it kept growing. The *New York Times* reported:

> *Chinese banks are in talks to lend $7 billion for the construction of an oil refinery, which could make Ecuador a global player in gasoline, diesel and other petroleum products.*
>
> *Across the country in villages and towns, Chinese money is going to build roads, highways, bridges, hospitals, even a network of surveillance cameras stretching to the Galápagos Islands. State-owned Chinese banks have already put nearly $11 billion into the country, and the Ecuadorean government is asking for more.*

Ecuador, with just 16 million people, has little presence on the global stage. But China's rapidly expanding footprint here speaks volumes about the changing world order, as Beijing surges forward and Washington gradually loses ground.[6]

One of China's loans was used to pay the Chinese Sinohydro Corporation to construct a massive hydroelectric dam that promised to generate more than a third of Ecuador's electricity, stimulate business and industry, produce hundreds of thousands of jobs, and expand international trade. Correa knew that electricity was the key to Ecuador's future development. This particular deal seemed like frosting on the president's cake.

But the costs mounted. China bailed Ecuador out with more funds. Again and again. Debt piled on debt.

Then everything went terribly wrong—all at once.

2

A Savior's Nightmare

On the day before Christmas 2018, the *New York Times* wrote about the Sinohydro project:

> *This giant dam in the jungle, financed and built by China, was supposed to christen Ecuador's vast ambitions, solve its energy needs and help lift the small South American country out of poverty. Instead, it has become part of a national scandal engulfing the country in corruption, perilous amounts of debt—and a future tethered to China.*[1]

Reading that article, I could only begin to imagine the turmoil that Correa was experiencing, emotionally and politically. He had fallen from a very high mountain into a deep crevasse.

President Xi's visit to Ecuador just two years earlier must have seemed like the moment when Correa would get even with the United States for its abuses against his father, his family, his heroes, his country, and the entire continent. Defaulting on the World Bank loans had been a bold and big step. Receiving loans from China, restoring Ecuador's status in the financial world, and arranging for the country to become an industrialized refiner of petroleum, instead of merely an exporter of crude, was even bigger. But the final deal Correa struck with Xi had been hailed as a huge leap into the new century, the new millennium.

When Xi and his wife stepped down from their plane onto Ecuadorian soil in November 2016, Ecuador's president and many of its people celebrated it as a moment of historic significance. Ecuador was ending a subservient relationship with the United States that dated back to 1823, when President James Monroe issued the Monroe Doctrine, a manifesto that had been used ever since to justify American intervention throughout the hemisphere. China had pulled Ecuador out of the US-imposed credit rating debacle. Now, during Xi's visit, the two leaders signed an agreement to

collaborate on major energy, transportation, agriculture, and manufacturing projects. The Monroe Doctrine hit the geopolitical shredder.[2]

The knowledge that Xi met with Correa long before he met with a US president was particularly sweet. In fact, by the time Xi finally shook hands with President Donald Trump in 2017, he had visited not only Ecuador but also Argentina, Brazil, Chile, Costa Rica, Cuba, Mexico, Panama, Peru, Trinidad and Tobago, and Venezuela. He had negotiated a number of agreements similar to the Sino-Ecuador one. By contrast, Trump visited only one Latin American and Caribbean country during his four years in office, and that was to attend a G20 summit in Argentina. The message was clear to Correa and every other president in Latin America and the Caribbean: China was paying attention and it would not be intimidated by the Monroe Doctrine or the United States; it intended to present itself as the region's new savior. It would do so through trade instead of neoliberal policies.

The fact that oil prices had plummeted in 2014 and continued to remain low might have discouraged China and ended the deals it was striking. After all, those deals had been based on the value of oil in the ground as collateral for the debt. However, Ecuador, like most of its neighbors, had other natural resources. For Beijing, these offered more opportunities to increase loans, build projects, exploit Ecuador's mineral riches, and expand trade. The *South China Morning Post* stated:

> *The Mirador project, a US$1.4 billion open-pit mega mine set up to extract primarily copper but also silver and gold . . . is being built and operated by EcuaCorriente S.A., a subsidiary of state-owned Chinese consortium CRCC-Tongguan Investment Co. . . .*
>
> *Ecuador is not traditionally a mining country, but the industry was given a more prominent role during the Correa administration. . . .*
>
> *Although Mirador is considered the country's most significant mining project, several concessions for major projects have been granted in recent years, many of them to Chinese companies.*[3]

I knew the mining area well. It was located in the Amazonian rain forests where I'd served as a Peace Corps volunteer in the late 1960s and is one of the most biodiverse and fragile land environments on the planet. Known as the *Oriente* because it is east of the Andes Mountains, it is the traditional territory of the Shuar and other indigenous peoples. Its rivers, birthed in the glaciers and high-altitude lakes of the Andes, eventually make their way

through Ecuador's jungles into Peru, down the Amazon River and across Brazil to the Atlantic Ocean.

China had built its mammoth dam and now was developing mines in a region so important that environmentalists refer to it as the Sacred Headwaters of the Amazon. And China was making colossal mistakes.

First, the dam catastrophe.

The Chinese Sinohydro Corporation built the dam next to Reventador, a highly active volcano, in a rain forest that is prone to earthquakes. Nearly one thousand Chinese workers had swarmed into the country to construct the facility, which included a 15-mile underground tunnel and eight turbine-generator units—a sore point for Ecuadorian workers who could have done much of that work themselves. Within two years, the generator building was riddled with cracks. The reservoir was clogged with silt, trees, and other jungle debris. Lands both upstream and downstream of the dam became horribly eroded. A spectacular and ecologically important waterfall that had been expected to generate tourist revenues was destroyed. Pipelines were undermined, burst, and spewed oil into the jungle. When operators switched on the generators, Ecuador's electricity grid shorted out.

I traveled to Ecuador frequently during pre-pandemic days, visiting parts of the country that are directly affected by China's projects and talking with indigenous leaders, students, government officials, and people on city streets and in rural farmers' markets. I was deeply distressed by what I saw and heard. Regardless of Correa's intentions, Ecuador was being victimized by the same old EHM strategy we Americans had used. Only now it was implemented by the Chinese.

By the time Correa left office and moved to Belgium (the home of his wife), the dam project had become a national disaster. The *New York Times* wrote in 2018:

> *Nearly every top Ecuadorean official involved in the dam's construction is either imprisoned or sentenced on bribery charges. . . .*
>
> *Then there is the price tag: around $19 billion in Chinese loans, not only for this dam, known as Coca Codo Sinclair but also for bridges, highways, irrigation, schools, health clinics and a half dozen other dams the government is scrambling to pay for.*
>
> *It doesn't matter whether Ecuador can afford them.*
>
> *China gets paid either way.*
>
> *To settle the bill, China gets to keep 80 percent of Ecuador's most valuable export—oil. . . .*
>
> *"China took advantage of Ecuador," said Ecuador's energy minister, Carlos Pérez. "The strategy of China is clear. They take economic control of countries."*[4]

Correa himself was tried in absentia for corruption, found guilty, and sentenced to eight years in prison.

The dam disaster was followed by the devastating revelations around the Chinese mines that are described in the next chapter. The dream of a savior had turned into a nightmare.

3

Canary in the Cage

The *South China Morning Post* wrote about China's Mirador mining project:

> *The region's mountains are being carved up, there is ongoing deforestation and rivers are being discoloured by run-off from the mine. . . .*
>
> *The contract between the Ecuadorean government and Chinese firm EcuaCorriente was signed in 2012. . . . Many remember the optimism that followed. There were promises of new roads, schools and hospitals. . . .*
>
> *The environmental group Amazon Watch estimates that total deforestation in the region affected by the mine from 2010 to the end of 2017 was 1,307 hectares.*
>
> *David Dene and Julio Prieto, experts who are part of the United Nations network Harmony with Nature, argue that the current design of tailings dams is not adequate for the area's natural conditions, and that there is a high chance of failure.*[1]

The *Ecologist* warned:

> *Since 2007, experts say that present and proposed construction of dams to hold all the waste will inevitably collapse, as it recently did in Brazil with 100s of deaths as a first consequence.*
>
> *A dam failure would amount to . . . a tsunami of toxic waste, hundreds of millions of metric tons, containing mercury, arsenic, cyanide, acid and heavy metals cascading through the steeply inclined river system to reach the Amazon River.*[2]

It was a classic case of reckless, irresponsible, and destructive behavior done in the name of progress by one country intent on dominating the resources of another. Although the COVID pandemic prevented me from continuing to travel to Ecuador, I connected with indigenous leaders deep in the Amazon rain forest through the magic of modern satellite technology. I also talked with many experts and observers. One of the best informed was David Dene, cited in the *South China Morning Post* article.

"You would not recognize the area where you were a Peace Corps volunteer," he told me from his home in Spain during one of our many calls

in 2020 and 2021. “Today you’d see wide roads, massive construction and mining equipment, Chinese labor camps, and a landscape that’s been ripped apart. No Shuar. No indigenous people. No animals. No forests. This mine stands at the top of the list of major threats to the entire ecosystem of the Amazon basin. The inappropriate design and engineering of the containments for the vast lakes of semi-liquid toxic material called ‘tailings,’ are an epic-scale disaster in the making. There are two dams under construction—one is 63 meters high and the other 260 meters high. The Chinese are building both without compliance with Environmental Impact Assessment directives, and at an angle of slope where there is no margin of safety. In engineering terms, they are at the edge of collapse and are liable to fail from a variety of causes, including earthquakes, internal erosion, landslides, and foundation failure owing to construction on geologically weak material.”

I recounted for David part of a conversation I’d had with former President Correa during a call with him from his home in Belgium. “Correa told me that Ecuador needs foreign countries to finance and build projects that will drive Ecuador’s economic development.”

“That’s what politicians maintain,” David replied. “Mirador is being called the ‘jewel in the crown’ of Ecuador’s ten-year mining plan. Ecuador is hoping to receive $4.5 billion in royalty payments. But the Chinese mining companies are estimated to make about $69 billion. That’s a notable net export of a national treasure. The cost to Ecuador will, in addition, be millions of tons of toxic waste, polluted rivers, and all the related social and quality-of-life harms. To these incalculable costs, add the great ruin across Brazil, Peru, neighboring countries, and even the Atlantic Ocean.” He paused. “Deception. It’s the bread and butter of exploitation. You know that only too well.”

After we hung up, I thought more about the role deception had played when I was an economic hit man. One example especially haunted me. In advancing America’s EHM strategy during the 1970s, we claimed that the Soviet Union was turning Latin America into a communist satellite. Cuba, the argument went, was a Soviet puppet that launched armies of terrorists led by Che Guevara across the continent.

That claim was a total fabrication. If Moscow ever had such a grand plan, it ended with the 1962 Cuban Missile Crisis. When the CIA’s Felix Rodriguez oversaw Che’s execution in the Bolivian jungle in 1967, this

"Cuban army" was revealed as a ragtag group of only a couple dozen poorly equipped idealists supported by no one. It should have been obvious that the "red tide of Communism" was manufactured to scare countries into accepting American neoliberal policies. However, because this fabrication was supported by the propaganda machines and served powerful international corporations, local families, and Washington, it continued to thrive.

Now, it seemed to me, politicians and pundits were trying to spread another fiction, one that equated China's expansionism with Soviet strategies during the Cold War. However, it was not working—not in Ecuador or most of Latin America. People in those countries saw huge differences. The Soviet model had held little to recommend it. Unlike China, the Soviet Union had not offered much in the way of technology, products, or services—nor as an example of economic development that others wanted to emulate. Its efforts at foreign investments and trade were lackluster and largely unsuccessful. Perhaps most importantly, Russia's leadership never seemed to understand the importance of that critical factor in the EHM strategy: perception. The only philosophical justification it could muster was a Marxist theory that had been badly distorted by Stalin. Its own internal attempts at reforming that philosophy, *perestroika*, led to the collapse of the Soviet Union. On the other hand, China had completely remolded itself after the devastating Cultural Revolution. It offered an impressive record of accomplishments and progress.

Whatever we in the United States think of China, and despite the failure of individual engineering projects, others view China's success story as one that offers hope. *Time* reported in February 2021:

> *As countries in the region [South America] grapple with a cascade of challenges to their developing economies, they increasingly look not to the North but to the East. Today, China is South America's top trading partner. In 2019, Chinese companies invested $12.8 billion in Latin America, up 16.5% from 2018, concentrating on regional infrastructure such as ports, roads, dams and railways. Chinese purchases of minerals and agricultural commodities helped South America stave off the worst privations of the 2008 financial crisis.*[3]

Despite the failures, the results of China's EHM strategy were exceeding its leaders' expectations. President Xi had set a goal in 2015 of surpassing the US by increasing total trade between China and Latin America and the Caribbean to $500 billion by 2025. In 2019, it had already reached $315

billion. China was winning the economic war in Washington's own backyard.[4]

The Pentagon understood, as we US economic hit men had in my day, that the key to dominating a country's economy is controlling its electrical systems. And the US military was deeply concerned that China was rapidly taking over energy grids across Latin America. The US Army War College compiled a comprehensive list of China's projects. A 2021 report opened with:

> *On March 31, Chilean regulators unconditionally approved the $3 billion sale of Chile's Compañía General de Electricidad (CGE) to the Chinese state-owned electric utility company State Grid. The deal follows China Southern Power Grid's 2018 purchase of a 27.7 percent interest in Transelec for $1.3 billion; China Water and Electric (CWE)'s purchase of Atiaia Energy and State Grid's $2.23 billion acquisition of Chilquinta Energia, giving Chinese companies control of 57 percent of total electricity transmission in the country.*

The report went on to detail "a broad array of hydropower, wind, solar and nuclear projects in the region," that stretched from the northern border of Central America to the southern tip of Argentina. It concluded with a warning:

> *Perhaps of greatest concern is that the PRC's move toward a dominant position in electricity generation and transmission, including new clean energy and transmission technologies, positions it to support commercial advances elsewhere and capture an increasing share of value added across an array of strategic sectors in the region . . . leveraging its dominant market position in certain sectors to help Chinese companies expand globally. China's role as a major regional electricity supplier could help support PRC-based companies in the future, allowing China to reward collaborators and undercut adversaries or competitors by making strategic choices regarding the supply of electricity and the construction of critical infrastructure.*[5]

Ecuador and Chile were symbolic of what was happening all over Latin America, which in turn was symbolic of what was happening in much of the world. This was especially striking directly across the Atlantic Ocean. China's direct foreign investment in Africa surged from $75 million in 2003 to $2.7 billion in 2019, far exceeding investments made by the US or any other country. During this same period, China overtook the US and European Union as Africa's largest trading partner.[6]

CNBC described the effectiveness of China's model:

> *Chinese firms have been most active in building ports, roads and railways that will underpin integration and trade between African nations—an intention most recently exemplified across the continent in the landmark African Continental Free Trade Agreement (AfCFTA). The*

AfCFTA recently launched its operational phase, and eventually intends to bring together all 55 African Union member states into the world's largest free trade area, spanning 1.2 billion people.

U.S.-Africa trade has dipped in recent years, while China is now Africa's biggest trade partner. . . . The combined total value of African trade with the U.S. in 2017 was just $39 billion. . . . The value of China-Africa trade in 2017 was $148 billion.[7]

Late one afternoon, I sat in a bar overlooking Quito and watched the sun set behind Pichincha, the active volcano that looms ominously above Ecuador's capital. I recalled a meeting I'd attended in Washington, DC, in the late 1970s before I was sent to this city as an economic hit man. My job had been to convince President Roldós to end his campaign to force US oil giant Texaco to pay a share of the profits it made from its Ecuadorian wells to the Ecuadorian people. A US State Department official referred to Ecuador as "the canary in the cage." Like birds carried into mines to detect toxic gases, Ecuador was a warning of impending danger. "If Roldós succeeds," the State Department man cautioned, "the rest of the continent will turn to Soviet Communism" (ignoring the fact that although Roldós was a Socialist, he despised Soviet Communism, and the real US concern was about oil, not ideology). As the sun sank below Pichincha, casting a darkening shadow across the city, it seemed that Ecuador was once again the canary in the cage.

Like that shadow, China was rapidly engulfing one country after another —in Africa, Asia, the Middle East, and Europe, as well as Latin America. I had to wonder why these countries so enthusiastically accepted China, despite the mistakes it made developing projects in Ecuador and dozens of other countries. It seemed to me that the hydroelectric dams and power systems US companies built in my day had been well engineered and were still producing electricity. By comparison, the Chinese engineering record was abysmal. So why was China so successful?

Could the answer lie in the US's failure to ask ourselves other, critically important questions, such as: How had highly educated, intelligent people at the State Department, CIA, World Bank, USAID, business schools, and think tanks convinced themselves that the US EHM strategy would succeed in the long run? Why had none of them recognized that the perception they were selling would ultimately backfire? How had they—we—misled ourselves into believing that people would accept the idea that prosperity for all would result from policies that cut taxes on the rich while reducing

everyone else's wages and social services? How had we, unlike China, failed to promote partnerships in global trade? Had the dissolution of the Soviet Union lulled us into a trancelike lethargy? Had we become so focused on our own divisive politics at home and conflicts in the Middle East that we had neglected to anticipate the power of China's emerging EHM strategy?

Answers to those questions are addressed in the following pages. But first, one more question: How had a teacher's son from rural New Hampshire ever gotten himself into such a dirty business?

PART II

1963–1971

4

Dirty Business

When I graduated from business school in 1968, I was determined not to participate in the Vietnam War. I had recently married Ann. She, too, opposed the war and was adventurous enough to agree to join the Peace Corps with me.

We first arrived in Quito, Ecuador, in 1968. I was a twenty-three-year-old volunteer assigned to develop credit and savings cooperatives in communities deep in the Amazon rain forest. Ann's job was to teach hygiene and childcare to indigenous women.

Ann had been to Europe, but it was my first trip away from North America. I knew we'd fly into Quito, one of the highest capitals in the world—and one of the poorest. I expected it to be different from anything I'd ever seen, but I was totally unprepared for the reality.

As our plane from Miami descended toward the airport, I was shocked by the rundown wooden shacks along the runway. I leaned across Ann in the middle seat and, pointing through my window, asked the Ecuadorian businessman in the aisle seat next to her, "Do people actually live there?"

"We are a poor country," he replied, nodding solemnly.

The scenes that greeted us on the bus ride into town were even more shocking—people in tattered clothing begging on sidewalks and hobbling on homemade crutches along garbage-infested streets, children with alarmingly distended bellies, skeletal dogs, and shanty towns of cardboard boxes that passed as homes.

The bus delivered us to Quito's five-star hotel, the Intercontinental. It was an island of luxury in that sea of poverty, and the place where I and about thirty other Peace Corps volunteers would attend several days of in-country briefings. I must admit that I felt a sense of relief upon entering the lobby; this would later turn to feelings of guilt and the realization that

growing up as a white American male had endowed me with a false sense of entitlement.

During the first of many lectures, we were informed that Ecuador was a combination of feudal Europe and the American Wild West. Our teachers warned us about all the dangers: venomous snakes, malaria, anacondas, killer parasites, and "hostile head-hunting warriors." Then the good news: Texaco had discovered vast oil deposits, not far from where we'd be stationed in the rain forest. We were assured that oil would transform Ecuador from one of the poorest countries in the hemisphere to one of the richest.

One afternoon while waiting for a hotel elevator, I struck up a conversation with a tall blond man with a Texas drawl. He was a seismologist, a Texaco consultant. When he learned that Ann and I were Peace Corps volunteers with little money of our own who'd be working in the rain forest, he invited us to dinner in the elegant restaurant on the top floor of the hotel. I couldn't believe my good fortune. I'd seen the menu and knew that our meal would cost more than our monthly living allowance.

That night, as I looked out at Pichincha through the restaurant's windows and sipped a margarita, I became infatuated with this man and the life he lived.

He told us that sometimes he flew on a corporate jet directly from Houston to an airstrip hacked out of the jungle. "We don't have to endure immigrations or customs," he bragged. "The Ecuadorian government gives us special permission." His rain forest experience included air-conditioned trailers and champagne and filet mignon dinners served on fine china. "Not quite what you'll be getting, I assume," he said with a laugh.

He then talked about the report he was writing that described "a vast Sea of oil beneath the jungle." This report, he said, would be used to justify huge World Bank loans to the country and to persuade Wall Street to invest in Texaco and other businesses that would benefit from the oil boom.

When I expressed amazement that progress could happen so rapidly, he gave me an odd look. "What did they teach you in business school anyway?" he asked.

I didn't know how to respond.

"Look," he said. "It's an old game. I've seen it in Asia, the Middle East, and Africa. Now, here. Seismology reports, combined with one good oil

well, a gusher like the one we just hit . . .” He smiled. “Boomtown!”

Ann mentioned all the excitement around how oil would bring prosperity to Ecuadorians.

“Only those smart enough to play the game,” he said.

I’d grown up in a New Hampshire town named after a man who’d built a mansion on a hill, overlooking everyone else, from the fortune he’d amassed by selling shovels and blankets to the California gold miners in 1849. “The merchants,” I said. “The businessmen and bankers.”

“You bet. And today, the big corporations.” He tilted back in his chair. “We own this country. We get a lot more than permission to land planes without customs formalities.”

“Like what?”

“Oh my God, you do have a lot to learn, don’t you?” He raised his martini toward the city. “To begin with, we control the military. We pay their salaries and buy them their equipment. They protect us from the Indians who don’t want oil rigs on their lands. In Latin America, he who controls the army, controls the president and the courts. We get to write the laws—set fines for oil spills, labor rates, all the laws that matter to us.”

“Texaco pays for all that?” Ann asked.

“Well, not exactly . . .” He reached across the table and patted her arm. “You do. Or your daddy does. The American taxpayer. The money flows through USAID, the World Bank, CIA, and the Pentagon, but everyone here”—he swept his arm toward the window and the city below—“knows it’s all about Texaco. Remember, countries like this have long histories of coups. If you take a good look, you’ll see that most of them happen when the leaders of the country don’t play our game.”[1]

“Are you saying Texaco overthrows governments?” I asked.

He laughed. “Let’s just say that governments that don’t cooperate are seen as Soviet puppets. They threaten American interests and democracy. The CIA doesn’t like that.”

That night was the beginning of my education in what I’ve come to think of as the EHM system.

Ann and I spent the next eighteen months stationed in the Amazon rain forests. Then we were transferred to the high Andes, where I was assigned to help a group of campesino brick makers. Ann trained handicapped people for jobs in local businesses.

I was told that the brick makers needed to improve the efficiency of the archaic ovens where their bricks were baked. However, one after another they came to me complaining about the men who owned the trucks and the warehouses down in the city.

Ecuador was a country with little social mobility. A few wealthy families, the *Ricos*, ran just about everything, including local businesses and politics. Their agents bought the bricks from the brick makers at extremely low prices and sold them at roughly ten times that amount. One brick maker went to the city mayor and complained. Several days later he was struck by a truck and killed.

Terror swept the community. People assured me that he'd been murdered. My suspicions that it was true were reinforced when the police chief announced that the dead man was part of a Cuban plot to turn Ecuador Communist (Che Guevara had been executed by a CIA operation in Bolivia less than three years earlier). He insinuated that any brick maker who caused trouble would be arrested as an insurgent.

The brick makers begged me to go to the Ricos and set things right. They were willing to do anything to appease those they feared, including convincing themselves that, if they gave in, the Ricos would protect them.

I didn't know what to do. I had no leverage with the mayor and figured that if I—a foreigner who was only twenty-five years old—were to intervene, it would only make matters worse. I merely listened and sympathized.

Eventually I realized that the Ricos were part of a strategy, a system that had subjugated Andean people through fear since the Spanish conquest. I saw that my commiseration was merely enabling the community to continue doing nothing. They didn't need me to stand up for them; they needed to stand up to the Ricos themselves. They needed to admit to the anger they had suppressed, to take offense to the injustices they had suffered.

I told them that they had to act. They had to do whatever it took—including risking being killed—so that their children could prosper and live in peace.

My realization about enabling that community was a great lesson for me. I understood that the victims themselves could be unwitting collaborators and that taking action offered the only solution. And it worked.

The brick makers formed a co-op. Each family donated bricks, and the co-op used those bricks to rent a truck and warehouse in the city. The Ricos boycotted the co-op, until a Lutheran mission from Norway contracted with it to buy all the bricks for a school it was building, at about five times the amount the Ricos had paid the brick makers but half the price the Ricos were charging the Lutherans—a win for everyone except the Ricos. The co-op flourished after that.

Less than a year later, Ann and I completed our Peace Corps assignment. I was twenty-six and no longer subject to the draft. I became an EHM.

When I first entered those ranks, I convinced myself that I was doing the right thing. South Vietnam had fallen to the Communist North, and now the world was threatened by the Soviet Union and China. My business school professors had taught that financing infrastructure projects through mountains of World Bank debt would pull lower-income nations out of poverty and save them from the clutches of Communism. Experts at the World Bank and USAID reinforced this mindset.

By the time I discovered the falsehoods in that story, I felt trapped by the system. I had grown up feeling poor (admittedly a relative term), the son of a teacher in a New Hampshire boarding school for extremely wealthy boys, and suddenly I was making a great deal of money, traveling first class to countries I'd dreamed about all my life, staying in the best hotels, eating in the finest restaurants, and meeting with heads of state. I had it made. How could I even consider getting out? It was not until much later that I realized I'd been privileged; unlike much of the world, I'd never worried about finding my next meal or a roof over my head, and I'd received an education restricted to very few.

Perhaps my subconscious did realize some of this, because this is when the nightmares began.

I woke in dark hotel rooms sweating, haunted by images of sights I had actually seen: legless lepers strapped into wheeled wooden boxes rolling along the streets of Jakarta; people bathing in slime-green canals while, next to them, others defecated; a human cadaver abandoned on a garbage heap swarming with maggots and flies; and children who slept in cardboard boxes, vying with roaming packs of dogs for scraps of rubbish. I realized that I'd distanced myself emotionally from these things. Like other Americans, I'd seen these people as less than human; they were "beggars," "misfits"—"them."

One day my Indonesian government limo stopped at a traffic light. A man suffering from leprosy thrust the disease-ridden remnants of his hand through my window. My driver yelled at him. The leper grinned, a lopsided toothless smile, and withdrew. We drove on, but his spirit remained with me. It was as though he had sought me out; his bloody stump was a warning, his smile a message. "Reform," he seemed to say. "Repent."

I began to look more closely at the world around me. And at myself. I came to understand that, although I had all the trappings of success, I was miserable. I'd been popping Valium every night and drinking lots of alcohol. I'd get up in the morning, force coffee and pep pills into my system, and stagger off to negotiate contracts worth hundreds of millions of dollars.

That life had come to seem normal to me. I had bought into the stories. I was taking on debt to support my lifestyle. I was operating out of fear—the fear of Communism, losing my job, failure, and not having the material things everyone told me I needed.

One night I woke up remembering a different type of dream.

I had walked into the office of a leader in a country that had just discovered it had lots of oil. "Our construction companies," I told him, "will rent equipment from your brother's John Deere franchise. We'll pay twice the going rate; your brother can share his profits with you." In the dream I went on to explain that we'd make similar deals with friends of his who owned Coca-Cola bottling plants, other food and beverage suppliers, and labor contractors. All he had to do was sign off on a World Bank loan that would hire US corporations to build infrastructure projects in his country.

Then I casually mentioned that refusing would bring in the jackals. "Remember," I said, "what happened to . . ." I rattled off a list of names like Mossadegh of Iran, Arbenz of Guatemala, Allende of Chile, Lumumba of the Congo, Diem of Vietnam. "All of them," I said, "were overthrown or"—I ran a finger across my neck—"because they didn't play our game."

I lay there in bed, once again in a cold sweat, realizing that this dream described my reality. I had done all of that.

It had been easy for me to provide government officials, like the one in my dream, with impressive materials they could use to justify the loans to their people. My staff of economists, financial experts, statisticians, and mathematicians was skilled at developing sophisticated econometric models

proving that such investments—in electric power systems, highways, ports, airports, and industrial parks—would spur economic growth.

For years I had relied on those models to also convince me that my actions were beneficial. I had justified my job by the fact that GDP *did* increase after the infrastructure was built. Now I came to face the facts of the story behind the mathematics. The statistics were highly biased; they were skewed to the fortunes of the families that owned the industries, banks, shopping malls, supermarkets, hotels, and a variety of businesses that prospered from the infrastructure we built.

They prospered.

Everyone else suffered.

Money that had been budgeted for health care, education, and other social services was diverted to pay interest on the loans. In the end, the principal was never bought down; the country was shackled by debt. IMF hit men arrived and demanded that the government offer its oil, or other resources, to our corporations at cut-rate prices and that it privatize its electric, water, sewer, and other public-sector institutions and sell them to the corporatocracy. Big Business was the big winner.

A key condition of such loans always was that the projects would be built by our engineering and construction companies. Most of the money never left the United States; it simply was transferred from banking offices in Washington to engineering offices in New York, Houston, or San Francisco. We EHMs also made sure that the country agreed to buy airplanes, medicines, tractors, computer technologies, and other goods and services from our corporations.

Despite the fact that the money is returned almost immediately to corporations that belong to the corporatocracy, the recipient country (the debtor) is required to pay it all back, principal plus interest. If an EHM is completely successful, the loans are so large that the debtor is forced to default on its payments after a few years. When this happens, we demand our pound of flesh. This often includes one or more of the following: control over United Nations votes, the installation of military bases, or access to precious resources such as oil. Of course, the debtor still owes us the money—and another country is added to our global empire.

Those nightmares helped me see that my life was not the life I wanted. I began to realize that, like the Andean brick makers, I had to take

responsibility for my life, for what I was doing to myself and to those people and their countries. But before I could grasp the deeper significance of this reality that had begun to stir within me, I had to figure out what had possessed me to accept such a job.

5

An Economic Hit Man Is Born

It began innocently enough.

I was an only child, born into the middle class in 1945. Both my parents came from three centuries of New England Yankee stock; their strict, moralistic, staunchly Republican attitudes reflected generations of puritanical ancestors. They were the first in their families to attend college—on scholarships. My mother became a high school Latin teacher. My father joined World War II as a Navy lieutenant and was in charge of the armed guard gun crew on a highly flammable merchant marine tanker in the Atlantic. When I was born, in Hanover, New Hampshire, he was recuperating from a broken hip in a Texas hospital. I did not see him until I was a year old.

He took a job teaching languages at Tilton School, a boys' boarding school in rural New Hampshire. The campus stood high on a hill, proudly—some would say arrogantly—towering over the town of the same name. This exclusive institution limited its enrollment to about fifty students in each grade level, nine through twelve. The students were mostly the scions of wealthy families from Buenos Aires, Caracas, Boston, and New York.

My family was cash starved; however, we most certainly did not see ourselves as poor. Although the school's teachers received very little salary, all our needs were provided free: food, housing, heat, water, and the workers who mowed our lawn and shoveled our snow. Beginning on my fourth birthday, I ate in the prep school dining room, shagged balls for the soccer teams my dad coached, and handed out towels in the locker room.

It is an understatement to say that the teachers and their spouses felt superior to the locals. I used to hear my parents joking about being the lords of the manor, ruling over the lowly peasants—the townies. I knew it was more than a joke.

My elementary and middle school friends belonged to that peasant class; they were very poor. Their parents were farmers, lumberjacks, and mill workers. They resented the "preppies on the hill," and in turn, my father and mother discouraged me from socializing with them, especially the "townie girls."

Every year we spent the three months of my dad's summer vacation at a lake cottage built by my grandfather in 1921. It was surrounded by forests, and at night we could hear owls and mountain lions. We had no neighbors; I was the only child within walking distance. In the early years, I passed the days by pretending that the trees were knights of the Round Table and damsels in distress.

At fourteen, I received free tuition to Tilton School. With my parents' prodding, I rejected everything to do with the town and never saw my old friends again. When my new classmates went home to their mansions and penthouses for vacation, I remained alone on the hill. Their girlfriends were debutantes; I had no girlfriends. I was alone—and terribly frustrated.

My parents assured me that I was privileged to have such an opportunity and that someday I would be grateful. I would find the perfect wife, one suited to our high moral standards. Inside, though, I seethed. The idea of sex—something I had not experienced—was most alluring.

However, rather than rebelling, I repressed my rage and expressed my frustration by excelling. I was an honor student, captain of two varsity teams, editor of the school newspaper. I was determined to show up my rich classmates and to leave Tilton behind forever. During my senior year, I was awarded a full scholarship to Brown; although Ivy League schools officially did not grant athletic scholarships, this one came with a clear understanding that I would commit to playing soccer. I was also awarded a purely academic scholarship to Middlebury. I chose Brown, mainly because I preferred being an athlete—and because it was located in a city. My mother had graduated from Middlebury and my father had received his master's degree there, so even though Brown was in the Ivy League, they preferred Middlebury.

"What if you break your leg?" my father asked. "Better to take the academic scholarship. Go to Middlebury." I buckled.

Middlebury was, in my perception, merely an inflated version of Tilton —albeit in rural Vermont instead of rural New Hampshire. True, it was coed, but I was poor in comparison to almost everyone else in that school,

and I had not attended school with a female in four years. I lacked confidence, felt outclassed, and was miserable.

I have come to understand that life is composed of a series of coincidences. How we react to these—how we exercise what some refer to as *free will*—is everything; the choices we make within the boundaries of the twists of fate determine who we are. Two major coincidences that shaped my life occurred at Middlebury. One came in the form of an Iranian, the son of a general who was a personal advisor to the shah; the other was a young woman named Ann.

The first, whom I will call Farhad, had played professional soccer in Rome. He was endowed with an athletic physique, curly black hair, soft walnut eyes, and a background and charisma that seemed irresistible to women. He was my opposite in many ways. I worked hard to win his friendship, and he taught me many things that would serve me well in the years to come. I also met Ann. Although she was seriously dating a young man who attended another college, she took me under her wing. Our platonic relationship was the first truly loving one I had ever experienced from someone my age.

Farhad encouraged me to drink, party, and ignore my parents. I consciously chose to stop studying. I decided I would break my academic leg to get even with my father. My grades plummeted; I lost my scholarship. The college gave me a loan. It was my first introduction to debt. It felt dirty to me, this idea that I would be shackled to paying off the principal—plus interest—after I graduated.

Halfway through my sophomore year, I elected to drop out. My father threatened to disown me; Farhad egged me on. I stormed into the dean's office and quit school. It was a pivotal moment in my life.

Farhad and I celebrated my last night in town together at a local bar. A drunken farmer, a giant of a man, accused me of flirting with his wife, picked me up off my feet, and hurled me against a wall. Farhad stepped between us, drew a knife, and slashed the farmer open at the cheek. Then he dragged me across the room and shoved me through a window, out onto a ledge high above Otter Creek. We jumped and made our way along the river and back to our dorm.

The next morning, when interrogated by the campus police, I lied and refused to admit any knowledge of the incident. Nevertheless, Farhad was given the choice: leave Middlebury or face criminal charges. He took the

former. We both moved to Boston, sharing an apartment there. I landed a job at Hearst's *Record American/Sunday Advertiser* newspapers, as a personal assistant to the editor in chief of the *Sunday Advertiser.*

Later that year, 1965, several of my friends at the newspaper were drafted. To avoid a similar fate, I entered Boston University's College of Business Administration. By then, Ann had broken up with her old boyfriend, and she often traveled down from Middlebury to visit. I welcomed her attention. Very funny and playful, she helped soften the anger I felt over the Vietnam War. She had been an English major and inspired me to write short stories. She graduated in 1967, while I still had another year to complete at BU. She adamantly refused to move in with me until we were married. Although I joked about being blackmailed, and in fact *did* resent what I saw as a continuation of my parents' archaic and prudish set of moral standards, I enjoyed our times together and I wanted more. We married.

Ann's father, a brilliant engineer, had masterminded the navigational system for an important class of missile and was rewarded with a high-level position in the Department of the Navy. His best friend, a man Ann called Uncle Frank (not his real name), was employed as an executive at the highest echelons of the National Security Agency (NSA), the country's least-known—and by most accounts largest—spy organization.

Shortly after Ann and I married, the military summoned me for my physical. I passed and therefore faced the prospect of Vietnam upon graduation. The idea of fighting in Southeast Asia tore me apart emotionally, though war had always fascinated me. I was raised on tales about my colonial ancestors—who include Thomas Paine and Ethan Allen—and I had visited all the New England and upstate New York battle sites of both the French and Indian and Revolutionary Wars. I read every historical novel I could find. In fact, when Army Special Forces units first entered Southeast Asia, I was eager to sign up. But as the media exposed the atrocities and the inconsistencies of US policy, I experienced a change of heart. I found myself wondering whose side Paine would have taken. I was sure he would have joined our Vietcong enemies.

Uncle Frank came to my rescue. He informed me that an NSA job made one eligible for draft deferment, and he arranged for a series of meetings at his agency, including a day of grueling polygraph-monitored interviews. I was told that these tests would determine whether I was suitable material

for NSA recruitment and training, and if I was, would provide a profile of my strengths and weaknesses, which would be used to map out my career. Given my attitude toward the Vietnam War, I was convinced I would fail the tests.

Under examination, I admitted that as a loyal American I opposed the war, and I was surprised when the interviewers did not pursue this subject. Instead, they focused on my upbringing, my attitudes toward my parents, the emotions generated by the fact that I grew up feeling like a poor puritan among so many wealthy, hedonistic preppies. They also explored my frustration about the lack of women, sex, and money during those formative prep school years, and the fantasy world that had evolved as a result. I was amazed by the attention they gave to my relationship with Farhad and by their interest in my willingness to lie to the campus police to protect him.

At first, I assumed all these things that seemed so negative to me marked me as an NSA reject, but the interviews continued, suggesting otherwise. It was not until several years later that I realized that from an NSA viewpoint these negatives actually were positives. Their assessment had less to do with issues of loyalty to my country than with the frustrations of my life. Anger at my parents, an obsession with women, and my ambition to live the good life gave them a hook; I was seducible. My determination to excel in school and in sports, my ultimate rebellion against my father, my ability to get along with foreigners, and my willingness to lie to the police were exactly the types of attributes they sought. I also discovered, later, that Farhad's father worked for the US intelligence community in Iran; my friendship with Farhad was therefore a definite plus.

A few weeks after the NSA testing, I was offered a job to start training in the art of spying, to begin after I received my degree from BU several months later. However, before I had officially accepted this offer, I impulsively attended a seminar given at BU by a Peace Corps recruiter. A major selling point was that, as with the NSA, Peace Corps jobs made one eligible for draft deferments.

The decision to sit in on that seminar was one of those coincidences that seemed insignificant at the time but turned out to have life-changing implications. The recruiter described several places in the world that especially needed volunteers. One of these was the Amazon rain forest, where, he pointed out, indigenous people lived very much as natives of North America had until the arrival of Europeans.

I had always dreamed of living like the Abnakis who inhabited New Hampshire when my ancestors first colonized it. I wanted to learn the type of forest lore they understood so well. I approached the recruiter after his talk and asked about the possibility of being assigned to the Amazon. He assured me there was a great need for volunteers in that region and that my chances would be excellent. I called Uncle Frank.

To my surprise, Uncle Frank encouraged me to consider the Peace Corps. He confided that after the fall of Hanoi—which in those days was deemed a certainty by men in his position—the Amazon would become a hot spot.

"Loaded with oil," he said. "We'll need good agents there—people who understand the natives." He assured me that the Peace Corps would be an excellent training ground, and he urged me to become proficient in Spanish as well as in local indigenous dialects. "You might," he chuckled, "end up working for a private company instead of the government."

I did not understand what he meant by that at the time. I was being upgraded from spy to EHM, although I had never heard the term and would not for a few more years. I had no idea that there were hundreds of individuals scattered around the world, working for consulting firms and other private companies, people who never received a penny of salary from any government agency and yet were serving the interests of empire. Nor could I have guessed that a new type of agent, with more euphemistic titles, would number in the thousands by the end of the millennium, and that I would play a significant role in shaping this growing army.

Ann and I applied to the Peace Corps and requested an assignment in the Amazon. When our acceptance notification arrived, my first reaction was one of extreme disappointment. The letter stated that we would be sent to Ecuador.

Oh no, I thought. I requested the Amazon, not Africa.

I went to an atlas and looked up Ecuador. I was dismayed when I could not find it on the African continent. In the index, though, I discovered that it is indeed located in Latin America, a revelation that, despite my education, I lacked basic knowledge of global geography. I saw on the map that the river systems flowing off its Andean glaciers form the head-waters to the mighty Amazon. Further reading assured me that Ecuador's jungles were some of the world's most diverse and formidable, and that the indigenous people

still lived much as they had for millennia. Ann and I accepted the placement.

We completed Peace Corps training in Southern California and headed for Ecuador in September 1968. We lived in the Amazon with the Shuar, whose lifestyle did indeed resemble that of precolonial North Americans; then we moved to the Andes, where I worked with local indigenous brick makers, descendants of the Incas. It was a side of the world I never dreamed still existed. Until then, the only Latin Americans I had met were the wealthy preppies at the school where my father taught. I found myself sympathizing with these indigenous people, who subsisted on hunting, farming, and molding bricks from local clay and baking them in primitive ovens. I felt an odd sort of kinship with them. Somehow, they reminded me of the townies I had left behind.

One day a man in a business suit, Einar Greve, landed at the airstrip in our community. He was a vice president at Chas. T. Main, Inc. (MAIN), an international consulting firm that kept a very low profile and that was in charge of studies to determine whether the World Bank should lend Ecuador and its neighboring countries billions of dollars to build hydroelectric dams and other infrastructure projects. Einar also was a colonel in the US Army Reserve.

He started talking with me about the benefits of working for a company like MAIN. When I mentioned that I had been accepted by the NSA before joining the Peace Corps and that I was considering going back to them, he informed me that he sometimes acted as an NSA liaison, giving me a look that made me suspect that part of his assignment was to evaluate my capabilities. I now believe that he was updating my profile, and especially sizing up my abilities to survive in environments most North Americans would find hostile.

We spent a couple of days together in Ecuador, and afterward communicated by mail. He asked me to send him reports assessing Ecuador's economic prospects. I had a small portable typewriter, loved to write, and was quite happy to comply with this request. Over a period of about a year, I sent Einar at least fifteen long letters. In these letters, I speculated on Ecuador's economic and political future, and I appraised the growing frustration among the indigenous communities as they struggled to confront oil companies, international development agencies, and other attempts to draw them into the modern world.

When my Peace Corps tour was over, Einar invited me to a job interview at MAIN headquarters in Boston. During our private meeting, he emphasized that MAIN's primary business was engineering but that his biggest client, the World Bank, recently had begun insisting that he keep economists on staff to produce the critical economic forecasts used to determine the feasibility and magnitude of engineering projects. He confided that he had previously hired three highly qualified economists with impeccable credentials—two with master's degrees and one with a PhD. They had failed miserably.

"None of them," Einar said, "can handle the idea of producing economic forecasts in countries where reliable statistics aren't available." He went on to tell me that, in addition, all of them had found it impossible to fulfill the terms of their contracts, which required them to travel to remote places in countries like Ecuador, Indonesia, Iran, and Egypt, to interview local leaders, and to provide personal assessments about the prospects for economic development in those regions. One had suffered a nervous breakdown in an isolated Panamanian village; he was escorted by Panamanian police to the airport and put on a plane back to the United States.

"The letters you sent me indicate that you don't mind sticking your neck out, even when hard data isn't available. And given your living conditions in Ecuador, I'm confident you can survive almost anywhere." He told me that he already had fired one of those economists and was prepared to do the same with the other two, if I accepted the job.

So it was that in January 1971 I was offered a position as an economist with MAIN. I had turned twenty-six—the magical age when the draft board no longer wanted me. I consulted with Ann's family; they encouraged me to take the job, and I assumed this reflected Uncle Frank's attitude as well. I recalled him mentioning the possibility I would end up working for a private firm. Nothing was ever stated openly, but I had no doubt that my employment at MAIN was a consequence of the arrangements Uncle Frank had made three years earlier, in addition to my experiences in Ecuador and my willingness to write about that country's economic and political situation.

My head reeled for several weeks, and I had a very swollen ego. I had earned only a bachelor's degree from BU, which did not seem to warrant a position as an economist with such a lofty consulting company. I knew that

many of my BU classmates who had been rejected by the draft and had gone on to earn MBAs and other graduate degrees would be overcome with jealousy. I visualized myself as a dashing secret agent, heading off to exotic lands, lounging beside hotel swimming pools, surrounded by gorgeous bikini-clad women, martini in hand.

Although this was merely fantasy, I would discover that it held elements of truth. Einar had hired me as an economist, but I was soon to learn that my real job went far beyond that, and that it was in fact closer to James Bond's than I ever could have guessed.

6

“In for Life”

In legal parlance, MAIN would be called a closely held corporation; roughly 5 percent of its two thousand employees owned the company. These were referred to as partners or associates, and their position was coveted. Not only did the partners have power over everyone else, but also they made the big bucks. Discretion was their hallmark; they dealt with heads of state and other chief executive officers who expect their consultants, like their attorneys and psychotherapists, to honor a strict code of absolute confidentiality. Talking with the press was taboo. It simply was not tolerated. As a consequence, hardly anyone outside MAIN had ever heard of us, although many were familiar with our competitors, such as Arthur D. Little, Stone & Webster, Brown & Root, Halliburton, and Bechtel.

I use the term *competitors* loosely, because in fact MAIN was in a league by itself. The majority of our professional staff was engineers, yet we owned no equipment and never constructed so much as a storage shed. Many MAINers were ex-military; however, we did not contract with the Department of Defense or with any of the military services. Our stock-in-trade was something so different from the norm that during my first months there I could not figure out what we did. I knew only that my first real assignment would be in Indonesia, and that I would be part of an eleven-man team sent to create a master energy plan for the island of Java.

I also knew that Einar and others who discussed the job with me were eager to convince me that Java’s economy would boom, and that if I wanted to distinguish myself as a good forecaster (and to therefore be offered promotions), I would produce projections that demonstrated as much.

“Right off the chart,” Einar liked to say. He would glide his fingers through the air and up over his head. “An economy that will soar like a

bird!”

Einar took frequent trips that usually lasted only two to three days. No one talked much about them or seemed to know where he had gone. When he was in the office, he often invited me to sit with him for a few minutes over coffee. He asked about Ann, our new apartment, and the cat we had brought with us from Ecuador. I grew bolder as I came to know him better, and I tried to learn more about him and what I would be expected to do in my job. But I never received answers that satisfied me; he was a master at turning conversations around. On one such occasion, he gave me a peculiar look.

“You needn’t worry,” he said. “We have high expectations for you. I was in Washington recently. . . .” His voice trailed off and he smiled inscrutably. “In any case, you know we have a big project in Kuwait. It’ll be a while before you leave for Indonesia. I think you should use some of your time to read up on Kuwait. The Boston Public Library is a great resource, and we can get you passes to the MIT and Harvard libraries.”

After that, I spent many hours in those libraries, especially in the BPL, which was located a few blocks away from the office and very close to my Back Bay apartment. I became familiar with Kuwait as well as with many books on economic statistics, published by the United Nations, the International Monetary Fund (IMF), and the World Bank. I knew that I would be expected to produce econometric models for Indonesia and Java, and I decided that I might as well get started by doing one for Kuwait.

However, my BS in business administration had not prepared me as an econometrician, so I spent a lot of time trying to figure out how to go about it. I went so far as to enroll in a couple of courses on the subject. In the process, I discovered that statistics can be manipulated to produce a large array of conclusions, including those substantiating the predilections of the analyst.

MAIN was a macho corporation. There were only four women who held professional positions in 1971. However, there were perhaps two hundred women divided between the cadres of secretaries—every vice president and department manager had one—and the steno pool, which served the rest of us. I had become accustomed to this gender bias, and I was therefore especially astounded by what happened one day in the BPL’s reference section.

An attractive woman strode over to me and sat in a chair across the table. In her dark green business suit, she looked very sophisticated. I judged her to be several years my senior, but I tried to focus on not noticing her, on acting indifferent. After a few minutes, without a word, she slid an open book in my direction. It contained a table with information I had been searching for about Kuwait—and a card with her name, Claudine Martin, and her title, Special Consultant to Chas. T. Main, Inc. I looked up into her soft green eyes, and she extended her hand.

"I've been asked to help in your training," she said. I could not believe this was happening to me.

Beginning the next day, we met in Claudine's Beacon Street apartment, a few blocks from MAIN's Prudential Center headquarters. During our first hour together, she explained that my position was an unusual one and that we needed to keep everything highly confidential. Then she laughed self-consciously and informed me that her assignment was to mold me into an economic hit man.

The very name awakened old cloak-and-dagger dreams. I was embarrassed by my own nervous laughter. She smiled and assured me that humor was one of the reasons they used the term. "Who would take it seriously?" she asked.

I confessed ignorance about the role of economic hit men.

"You're not alone," she said and for a moment I thought I caught a glimpse of a crack in her self-confidence. "We're a rare breed, in a dirty business. No one can know about your involvement—not even your wife." Then she turned serious. "I'll be very frank with you, teach you all I can during the next weeks. Then you'll have to choose. Your decision is final. Once you're in, you're in for life." After that, she seldom used the full name; we were simply EHMs who implemented the EHM strategy.

I know now what I did not then—that Claudine took full advantage of the personality weaknesses the NSA profile had disclosed about me. I do not know who supplied her with the information—Einar, the NSA, MAIN's personnel department, or someone else—only that she used it masterfully. Her approach, a combination of physical seduction and verbal manipulation, was tailored specifically for me, and yet it fit within the standard operating procedures I have since seen used by a variety of businesses when the stakes are high and the pressure to close lucrative deals is great. She, and her superiors, knew from the start that I would not

jeopardize my marriage by disclosing our clandestine activities. And she was brutally frank when it came to describing the shadowy side of things that would be expected of me.

I have no idea who paid her salary, although I have no reason to suspect it was not, as her business card implied, MAIN. At the time, I was too naive, intimidated, and bedazzled to ask the questions that today seem so obvious.

Claudine told me that there were two primary objectives of my work. First, I was to justify huge international loans that would funnel money back to MAIN and other US companies (such as Bechtel, Halliburton, Stone & Webster, and Brown & Root) through massive engineering and construction projects. Second, I would work to bankrupt the countries that received those loans (after they had paid MAIN and the other US contractors, of course) so that they would be forever beholden to their creditors, and so they would present easy targets when we needed favors, including military bases, UN votes, or access to oil and other natural resources. I would draw on what she defined as the four pillars of an EHM strategy: fear, debt, anxiety over insufficiency, and divide and conquer. Summarizing the history of these pillars, she stressed that in recent times the emphasis had shifted from fear to debt, while anxiety over insufficiencies and divide and conquer continued as important underlying factors.

My job, she said, was to forecast the effects of investing billions of dollars in a country. Specifically, I would produce studies that projected economic growth twenty to twenty-five years into the future and that evaluated the impacts of a variety of projects. For example, if a decision was made to lend a country $1 billion to persuade its leaders not to align with the Soviet Union, I would compare the benefits of investing that money in power plants with the benefits of investing in a new national railroad network or a telecommunications system. Or I might be told that the country was being offered the opportunity to receive a modern electric utility system, and it would be up to me to demonstrate that such a system would result in sufficient economic growth to justify the loan. The critical factor, in every case, was gross national product. The project that resulted in the highest average annual growth of GNP won. If only one project was under consideration, I would need to demonstrate that developing it would bring superior benefits to the GNP.

An unspoken aspect of every one of these projects was that it was intended to create large profits for the US contractors, and to make a handful of wealthy and influential families in the receiving countries very happy, while ensuring the long-term financial dependence and therefore the political loyalty of governments around the world. The larger the loan, the better. The fact that the debt burden placed on a country would deprive its poorest citizens of health, education, and other social services for decades to come was not taken into consideration.

At one point Claudine told me that when I met with people in positions to accept the loans and set the wheels in motion, I should tell them: "If you want your country to prosper, accept loans from the World Bank and adhere to the conditions imposed by it and the IMF." At her urging, I wrote those words into my notebook, memorized them, and would repeat them many times during the following years. Later, the World Bank, IMF, US Treasury Department, and their sister organizations would collectively be known as the Washington Consensus and its policies would be categorized as neoliberalism. Claudine's statement would be revised to "If you want your country to prosper, accept loans from the Washington Consensus, hire our companies to build infrastructure projects, and submit to neoliberal policies."

Claudine and I openly discussed the deceptive nature of GNP. For instance, the growth of GNP may result even when it profits only one person, such as an individual who owns a utility company, and even if the majority of the population is burdened with debt. The rich get richer and the poor grow poorer. Yet, from a statistical standpoint, this is recorded as economic progress. The same is true for GDP.

Like US citizens in general, most MAIN employees believed we were doing countries favors when we built power plants, highways, and ports. Our schools and our press have taught us to perceive all our actions as altruistic. Over the years, I've repeatedly heard comments like, "If they're going to burn the US flag and demonstrate against our embassy, why don't we just get out of their damn country and let them wallow in their own poverty?"

I know now that people who say such things often hold diplomas certifying that they are well educated. However, these people have no clue that the main reason we establish embassies around the world is to serve our own interests, which during the last half of the twentieth century meant

creating history's first truly global empire—a corporate empire supported and driven by the US government. Despite their credentials, such people (and I was one of them) are as misguided as the eighteenth-century colonists who believed that the Indians fighting to defend their lands were servants of the devil.

Within several months, I would leave for the island of Java in the country of Indonesia, described at that time as the most heavily populated piece of real estate on the planet. Indonesia also happened to be an oil-rich Muslim nation and a hotbed of Communist activity. In addition to the Soviets, the Chinese were attempting to gain a strong foothold in Indonesia and throughout Southeast Asia.

"It's the next domino after Vietnam," is the way Claudine put it. "We must win the Indonesians over. If they join the Communist bloc, well . . . " She drew a finger across her throat and then smiled sweetly. "Let's just say you need to come up with a very optimistic forecast of the economy, how it will mushroom after all the new power plants and distribution lines are built. That will allow USAID and the international banks to justify the loans. You'll be well rewarded, of course, and can move on to other projects in exotic places. The world is your shopping cart." She went on to warn me that my role would be tough. "Experts at the banks will come after you. It's their job to punch holes in your forecasts—that's what they're paid to do. Making you look bad makes them look good."

One day I reminded Claudine that the MAIN team being sent to Java included ten other men. I asked if they all were receiving the same type of training as me. She assured me they were not.

"They're engineers," she said. "They design power plants, transmission and distribution lines, and seaports and roads to bring in the fuel. You're the one who predicts the future. Your forecasts determine the magnitude of the systems they design—and the size of the loans. You see, you're the key."

Every time I walked away from Claudine's apartment, I wondered whether I was doing the wrong thing. Somewhere in my heart, I suspected I was. But the frustrations of my past lingered with me. MAIN seemed to offer everything my life had lacked—money, power, and sex. In the end, I convinced myself that by learning more, by experiencing it, I could better expose it later—the old "working from the inside" justification.

When I shared this idea with Claudine, she gave me a perplexed look. "Don't be ridiculous. Once you're in, you can never get out. You must

decide for yourself, before you get in any deeper." I understood her, and what she said frightened me. After I left, I strolled down Commonwealth Avenue, turned onto Dartmouth Street, and assured myself that I was the exception.

One afternoon some months later, Claudine and I sat in a window settee watching the snow fall on Beacon Street. "We're a small, exclusive club," she said. "We're paid—well paid—to cheat countries around the globe out of billions of dollars. A large part of your job is to encourage world leaders to become part of a vast network that promotes US commercial interests. Convince them to fear the Communists or even, if you have to, us. Tell them the solution is to accept loans from our banks that will pay our companies to build the infrastructure that ends their poverty. It's simple. In the end, those leaders become ensnared in a web of debt that ensures their loyalty. We can draw on them whenever we desire—to satisfy our political, economic, or military needs. In turn, these leaders bolster their political positions by bringing industrial parks, power plants, and airports to their people. Meanwhile, the owners of US engineering and construction companies become very wealthy."

That afternoon, in the idyllic setting of Claudine's apartment, relaxing in the window while snow swirled around outside, I learned the history of the profession I was about to enter. Claudine described how throughout most of history, empires were built largely through military force or the threat of it. But with the end of World War II, the emergence of the Soviet Union, and the specter of nuclear holocaust, the military solution became just too risky.

The decisive moment occurred in 1951, when Iran rebelled against a British oil company that was exploiting Iranian natural resources and its people. The company was the forerunner of British Petroleum, today's BP. In response, the highly popular, democratically elected Iranian prime minister (and *Time* magazine's Man of the Year in 1951), Mohammad Mossadegh, nationalized all Iranian petroleum assets. An outraged England sought the help of its World War II ally, the United States. However, both countries feared that military retaliation would provoke the Soviet Union into taking drastic actions on behalf of Iran.

Instead of sending in the Marines, therefore, Washington dispatched CIA agent Kermit Roosevelt (Theodore's grandson). He performed brilliantly, winning people over through payoffs, threats, and anti-Communist propaganda. He then enlisted them to organize a series of street riots and

violent demonstrations, which created the impression that Mossadegh was both unpopular and inept. In the end, Mossadegh went down, and he spent the rest of his life under house arrest. The pro-American Mohammad Reza Shah became the unchallenged dictator. Kermit Roosevelt had set the stage for a new profession, the one whose ranks I was joining.[1]

Roosevelt's gambit reshaped Middle Eastern history even as it rendered obsolete the old strategies for empire building. It also coincided with the beginning of experiments in "limited non-nuclear military actions," which ultimately resulted in US humiliations in Korea, Vietnam, and Afghanistan. By 1968, the year I interviewed with the NSA, it had become clear that if the United States wanted to realize its dream of global empire (as envisioned by men like Presidents Johnson and Nixon), it would have to employ strategies modeled on Roosevelt's Iranian example. This was the only way to beat the Soviets without the threat of nuclear war.

There was one problem, however. Kermit Roosevelt was a CIA employee. Had he been caught, the consequences would have been dire. He had orchestrated the first US operation to overthrow a foreign government, and it was likely that many more would follow, but it was important to find an approach that would not directly implicate Washington.

Fortunately for the strategists, the 1960s also witnessed another type of revolution: the empowerment of international corporations and of multinational organizations such as the World Bank and the IMF. The latter were financed primarily by the United States and our sister empire builders in Europe. A symbiotic relationship developed between governments, corporations, and multinational organizations.

By the time I enrolled in BU's business school, a solution to the Roosevelt-as-CIA-agent problem had already been worked out. US intelligence agencies—including the NSA—would identify prospective EHMs, who could then be hired by international corporations. These EHMs would never be paid by the government; instead, they would draw their salaries from the private sector. As a result, their dirty work, if exposed, would be chalked up to corporate greed rather than to government policy. In addition, the corporations that hired them, although paid by government agencies and their multinational banking counterparts (with taxpayer money), would be insulated from congressional oversight and public scrutiny, shielded by a growing body of legal initiatives, including trademark, international trade, and Freedom of Information laws.[2]

“So you see,” Claudine concluded, “we are just the next generation in a proud tradition that began back when you were in first grade.”

7

Indonesia: Lessons for an EHM

In addition to learning about my new career, I also spent time reading books about Indonesia. “The more you know about a country before you get there, the easier your job will be,” Claudine had advised. I took her words to heart.

When Columbus set sail in 1492, he was trying to reach Indonesia, known at the time as the Spice Islands. Throughout the colonial era, it was considered a treasure worth far more than the Americas. Java, with its rich fabrics, fabled spices, and opulent kingdoms, was both the crown jewel and the scene of violent clashes between Spanish, Dutch, Portuguese, and British adventurers. The Netherlands emerged triumphant in 1750, but even though the Dutch controlled Java, it took them more than 150 years to subdue the outer islands.

As the Japanese invaded Indonesia during World War II, Dutch forces offered little resistance. Indonesians, especially the Javanese, suffered terribly. Following Japan’s surrender, a charismatic leader named Sukarno emerged to declare independence. Four years of fighting finally ended on December 27, 1949, when the Netherlands lowered its flag and returned sovereignty to a people who had known nothing but struggle and domination for more than three centuries. Sukarno became the new republic’s first president.

Ruling Indonesia, however, proved to be a greater challenge than defeating the Dutch. Far from homogeneous, the archipelago of about 17,500 islands was a boiling pot of tribalism, divergent cultures, dozens of languages and dialects, and ethnic groups who nursed centuries-old animosities. Conflicts were frequent and brutal, and Sukarno clamped down. He suspended parliament in 1960 and was named president for life in

1963. He formed close alliances with Chinese and other Communist governments around the world, in exchange for military equipment and training. He sent Russian-armed Indonesian troops into neighboring Malaysia in an attempt to spread Communism throughout Southeast Asia and win the approval of the world's Socialist leaders.

Opposition built, and a coup was launched in 1965. Sukarno escaped assassination only through the quick wits of his mistress. Many of his top military officers and his closest associates were less lucky. The events and US support of anti-Sukarno factions were reminiscent of those in Iran in 1953. In the end, the Communist Party was held responsible—especially those factions aligned with China. In the Army-initiated massacres that followed, an estimated five hundred thousand people were killed—with some estimates surpassing two million. The head of the military, General Suharto, took over as president in 1968.[1]

By 1971, the United States' determination to seduce Indonesia away from Communism was heightened because it looked like America was losing the Vietnam War. President Nixon had begun a series of troop withdrawals in the summer of 1969, and US strategy was taking on a more global perspective. The strategy focused on preventing a domino effect of one country after another falling under Communist rule, and it focused on a couple of countries; Indonesia was the key. MAIN's electrification project was part of a comprehensive plan to ensure American dominance in Southeast Asia.

The premise of US foreign policy was that Suharto would serve Washington in a manner similar to the shah of Iran. The United States also hoped the nation would serve as a model for other countries in the region. Washington based part of its strategy on the assumption that gains made in Indonesia might have positive repercussions throughout the Islamic world, particularly in the explosive Middle East. And if that were not incentive enough, Indonesia had oil. No one was certain about the magnitude or quality of its reserves, but oil company seismologists were exuberant over the possibilities.

As I pored over the books at the BPL, my excitement grew. I began to imagine the adventures ahead. In working for MAIN, I would be trading the rugged Peace Corps lifestyle for a much more luxurious and glamorous one. My time with Claudine already represented the realization of one of my fantasies, uninhibited, unmarried sex; it seemed too good to be true. I felt at

least partially vindicated for serving the sentence at that all-boys prep school.

Something else was also happening in my life: Ann and I were not getting along. We quarreled a great deal. She complained that I had changed, that I was not the man she'd married or with whom she had shared those years in the Peace Corps. Looking back I can see that she must have sensed that I was leading two lives.

I justified my behavior as the logical result of the resentment I felt toward her for forcing us to get married in the first place. Never mind that she had nurtured and supported me through the challenges of Ecuador; I still saw her as a continuation of my pattern of giving in to my parents' whims. I have no doubt now that on some level, Ann knew that there was another woman in my life. In any case, we decided to move into separate apartments.

One day in 1971, about a week before my scheduled departure for Indonesia, I arrived at Claudine's place to find the small dining room table set with an assortment of cheeses and breads, and there was a fine bottle of Beaujolais. She toasted me.

"You've made it." She smiled, but somehow it seemed less than sincere. "You're now one of us."

We chatted casually for half an hour or so; then, as we were finishing off the wine, she gave me a look unlike any I had seen before. "Never admit to anyone about our meetings," she said in a stern voice. "I won't forgive you if you do, ever, and I'll deny I ever met you." She glared at me—perhaps the only time I felt threatened by her—and then gave a cold laugh. "Talking about us would make life dangerous for you."

I was stunned. I felt terrible. But later, as I walked alone back to the Prudential Center, I had to admit to the cleverness of the scheme. The fact is that all our time together had been spent in her apartment. There was not a trace of evidence about our relationship, and no one at MAIN was implicated in any way. There was also part of me that appreciated her honesty; she had not deceived me the way I thought my parents had about Tilton and Middlebury.

8

Saving a Country from Communism

I had a romanticized vision of Indonesia, the country where I was to live for the next three months. Some of the books I read featured photographs of women in brightly colored sarongs, Balinese dancers, shamans blowing fire, and warriors paddling long dugout canoes in emerald waters at the foot of smoking volcanoes. Particularly striking was a series on the magnificent, black-sailed galleons of the infamous Bugi pirates, who still sailed the seas of the archipelago, and who had so terrorized early European sailors that they returned home to warn their children, "Behave yourselves, or the Bugimen will get you." Oh, how those pictures stirred my soul.

The history and legends of that country represent a cornucopia of larger-than-life figures: wrathful gods, Komodo dragons, tribal sultans, and ancient tales that long before the birth of Christ had traveled across Asian mountains, through Persian deserts, and over the Mediterranean to embed themselves in the deepest realms of our collective psyche. The very names of its fabled islands—Java, Sumatra, Borneo, Sulawesi—seduced the mind. Here was a land of mysticism, myth, and erotic beauty; an elusive treasure sought but never found by Columbus; a princess wooed yet never possessed by Spain, by Holland, by Portugal, by Japan; a fantasy and a dream.

My expectations were high, and I suppose they mirrored those of the great explorers. Like Columbus, though, I should have known to temper my fantasies. Perhaps I could have guessed that the beacon shines on a destiny that is not always the one we envision. Indonesia offered treasures, but it was not the chest of panaceas I had come to expect. In fact, my first days in Indonesia's steamy capital, Jakarta, in the summer of 1971, were shocking.

The beauty was certainly present. Individuals in brightly colored batik clothes. Lush gardens ablaze with tropical flowers. Bicycle cabs with fanciful, rainbow-colored scenes painted on the sides of the high box seats,

where passengers reclined in front of the pedaling drivers. Dutch Colonial mansions and turreted mosques. But there was also an ugly, tragic side to the city. People ravaged by leprosy holding out bloodied stumps instead of hands. Young poverty-stricken women forced to prostitute their bodies so they could eat. Once-splendid Dutch canals transformed into cesspools. Cardboard boxes converted to makeshift homes where entire families lived along the trash-lined banks of black, foul-smelling rivers. Blaring horns and choking fumes. The beautiful and the ugly, the elegant and the vulgar, the spiritual and the profane. This was Jakarta, where the enticing scent of cloves and orchid blossoms battled the stench of open sewers for dominance.

I had seen poverty before. Some of my New Hampshire classmates lived in cold-water tarpaper shacks and arrived at school wearing thin jackets and frayed tennis shoes on subzero winter days, their unwashed bodies reeking of old sweat and cow manure. I had lived in mud huts with Andean peasants whose diet consisted almost entirely of dried corn and potatoes, and where it sometimes seemed that a newborn was as likely to die as to experience a first birthday. I had seen poverty, but nothing to prepare me for Jakarta.

Our team, of course, was quartered in the country's fanciest hotel, the Hotel InterContinental Indonesia. Owned by Pan American Airways, like the rest of the InterContinental chain scattered around the globe, it catered to the whims of wealthy foreigners, especially oil executives and their families. On the evening of our first day, our project manager Charlie Illingworth hosted a dinner for us in the elegant restaurant on the top floor.

Charlie was a connoisseur of war; he devoted most of his free time to reading history books and historical novels about great military leaders and battles. He was the epitome of the pro–Vietnam War armchair soldier. As usual, this night he was wearing khaki slacks and a short-sleeved khaki shirt with military-style epaulettes.

After welcoming us, he lit up a cigar. "To the good life," he sighed, raising a glass of champagne.

We joined him. "To the good life." Our glasses clinked.

Cigar smoke swirling around him, Charlie glanced about the room. "We will be well pampered here," he said, nodding his head appreciatively. "The Indonesians will take very good care of us. As will the US Embassy people. But let's not forget that we have a mission to accomplish." He looked down at a handful of note cards. "Yes, we're here to develop a master plan for the

electrification of Java—the most heavily populated land in the world. But that's just the tip of the iceberg."

His expression turned serious; he reminded me of George C. Scott playing General Patton, one of Charlie's heroes. "We are here to accomplish nothing short of saving this country from the clutches of Communism. As you know, Indonesia has a long and tragic history. Now, it is tested once again. Our responsibility is to make sure that Indonesia doesn't follow in the footsteps of its northern neighbors, Vietnam, Cambodia, and Laos. An integrated electrical system is a key element. That, more than any other single factor (with the possible exception of oil), will ensure that capitalism and democracy rule.

"Speaking of oil," he said, taking another puff on his cigar and flipping past a couple of the note cards, "we all know how dependent our own country is on oil. Indonesia can be a powerful ally to us in that regard. So, as you develop this master plan, please do everything you can to make sure that the oil industry and all the others that serve it—ports, pipelines, construction companies—get whatever they are likely to need in the way of electricity for the entire duration of this twenty-five-year plan."

He raised his eyes from his note cards and looked directly at me. "Better to err on the high side than to underestimate. You don't want the blood of Indonesian children—or our own—on your hands. You don't want them to live under the hammer and sickle or the red flag of China!"

As I lay in my bed that night, high above the city, secure in the luxury of a first-class suite, an image of Claudine came to me. Her discourses on foreign debt haunted me. I tried to comfort myself by recalling lessons learned in my macroeconomics courses at business school. After all, I told myself, I am here to help Indonesia rise out of a medieval economy and take its place in the modern industrial world. But I knew that in the morning I would look out my window, across the opulence of the hotel's gardens and swimming pools, and see the cardboard boxes and tarpaper lean-tos that served as homes for thousands of families and fanned out for miles beyond. I would know that babies were dying out there for lack of food and potable water, and that infants and adults alike were suffering from horrible diseases and living in terrible conditions.

Tossing and turning in my bed, I found it impossible to deny that Charlie and everyone else on our team were here for selfish reasons. We were promoting US foreign policy, corporate, and personal interests. We were

driven by greed rather than by any desire to make life better for the vast majority of Indonesians. A word came to mind: corporatocracy. I was not sure whether I had heard it before or had just invented it, but it seemed to perfectly describe the new elite who had made up their minds to attempt to rule the planet.

This was a close-knit fraternity of a few men with shared goals, and the fraternity's members moved easily and often between corporate boards and government positions. It struck me that the current president of the World Bank, Robert McNamara, was a perfect example. He had moved from a position as president of Ford Motor Company to secretary of defense under Presidents Kennedy and Johnson, and now occupied the top post at the world's most powerful financial institution.[1]

I also realized that my college professors had not understood the true nature of macroeconomics: that in many cases helping an economy grow only makes those few people who sit atop the pyramid even richer, while it does nothing for those at the bottom except to push them even lower. Indeed, promoting capitalism often results in a system that resembles feudal societies. If any of my professors knew this, they had not admitted it—probably because big corporations, and the men who run them, fund colleges. Exposing the truth would undoubtedly cost those professors their jobs, just as such revelations could cost me mine.

These thoughts continued to disturb my sleep nearly every night that I spent at the Hotel InterContinental Indonesia. In the end, my primary defense was a highly personal one: I had fought my way out of that New Hampshire town, the prep school, and the draft. Through a combination of coincidences and hard work, I had earned a place in the good life. I also took comfort in the fact that I was doing the right thing in the eyes of my culture. I was on my way to becoming a successful and respected economist. I was doing what business school had prepared me for. I was helping implement a development model that was sanctioned by the best minds at the world's top think tanks.

Nonetheless, in the middle of the night I often had to console myself with a promise that someday I would expose the truth. Then I would read myself to sleep with Louis L'Amour novels about gunfighters in the Old West.

9

Selling My Soul

Our eleven-man team spent six days in Jakarta registering at the US embassy, meeting various officials, organizing ourselves, and relaxing around the pool. The number of Americans who lived at the Hotel Inter-Continental amazed me. I took great pleasure in watching the beautiful young women—wives of US oil and construction company executives—who passed their days at the pool and their evenings in the half-dozen posh restaurants in and around the hotel.

Then Charlie moved our team to the mountain city of Bandung. The climate was milder, the poverty less obvious, and the distractions fewer. We were given a government guesthouse known as the Wisma, complete with a manager, a cook, a gardener, and a staff of servants. Built during the Dutch colonial period, the Wisma was a haven. Its spacious veranda faced tea plantations that flowed across rolling hills and up the slopes of Java's volcanic mountains. In addition to housing, we were provided with eleven Toyota off-road vehicles, each with a driver and translator. Finally, we were presented with memberships to the exclusive Bandung Golf and Racket Club, and we were allotted a suite of offices at the local headquarters of Perusahaan Umum Listrik Negara (PLN), the government-owned electric utility company.

For me, the first several days in Bandung involved a series of meetings with Charlie and Howard Parker. Howard was in his seventies and was the retired chief load forecaster for the New England Electric System. Now he was responsible for forecasting the amount of energy and generating capacity (the load) the island of Java would need over the next twenty-five years, as well as for breaking this down into city and regional forecasts. Since electric demand is highly correlated with economic growth, his forecasts depended on my economic projections. The rest of our team would develop the master plan around these forecasts, locating and

designing power plants, transmission and distribution lines, and fuel transportation systems in a manner that would satisfy our projections as efficiently as possible. During our meetings, Charlie continually emphasized the importance of my job, and he badgered me about the need to be very optimistic in my forecasts. Claudine had been right; I was the key to the entire master plan.

"The first few weeks here," Charlie explained, "are about data collection."

He, Howard, and I were seated in big rattan chairs in Charlie's plush private office. The walls were decorated with batik tapestries depicting epic tales from the ancient Hindu texts of the Ramayana. Charlie puffed on a fat cigar.

"The engineers will put together a detailed picture of the current electric system, port capacities, roads, railroads, all those sorts of things." He pointed his cigar at me. "You gotta act fast. By the end of month one, Howard'll need to get a pretty good idea about the full extent of the economic miracles that'll happen when we get the new grid online. By the end of the second month, he'll need more details—broken down into regions. The last month will be about filling in the gaps. That'll be critical. All of us will put our heads together then. So, before we leave we gotta be absolutely certain we have all the information we'll need. Home for Thanksgiving, that's my motto. There's no coming back."

Howard appeared to be an amiable, grandfatherly type, but he was actually a bitter, aging man who felt cheated by life. He had never reached the pinnacle of the New England Electric System and he deeply resented it. "Passed over," he told me repeatedly, "because I refused to buy the company line." He had been forced into retirement and then, unable to tolerate staying at home with his wife, had accepted a consulting job with MAIN. This was his second assignment, and I had been warned by both Einar and Charlie to watch out for him. They described him with words like *stubborn*, *mean*, and *vindictive*.

As it turned out, Howard was one of my wisest teachers, although not one I was ready to accept at the time. He had never received the type of training Claudine had given me. I suppose they considered him too old, or perhaps too stubborn. Or maybe they figured he was only in it for the short run, until they could lure in a more pliable full-timer like me. In any case, from their standpoint, he turned out to be a problem. Howard clearly saw

the situation and the role they wanted him to play, and he was determined not to be a pawn. All the adjectives Einar and Charlie had used to describe him were appropriate, but at least some of his stubbornness grew out of his personal commitment not to be their servant. I doubt he had ever heard the term economic hit man, but he knew they intended to use him to promote a form of imperialism he could not accept.

He took me aside after one of our meetings with Charlie. He wore a hearing aid and fiddled with the little box under his shirt that controlled its volume.

"This is between you and me," Howard said in a hushed voice. We were standing at the window in the office we shared, looking out at the stagnant, garbage-strewn canal that wound past the PLN building. A young woman was bathing in its foul waters. "They'll try to convince you that this economy is going to skyrocket," he said. "Charlie's ruthless. Don't let him get to you."

His words gave me a sinking feeling, but also a desire to convince him that Charlie was right; after all, my career depended on pleasing my MAIN bosses.

"Surely this economy will boom," I said, my eyes drawn to the woman in the canal. "Just look at what's happening."

"So there you are," he muttered, apparently unaware of the scene in front of us. "You've already bought their line, have you?"

A movement up the canal caught my attention. An elderly man had descended the bank, dropped his pants, and squatted at the edge of the water to answer nature's call. The bathing woman saw him but was undeterred; she continued washing herself. I turned away from the window and looked directly at Howard.

"I've been around," I said. "I may be young, but I just got back from three years in South America. I've seen what can happen when oil is discovered. Things change fast."

"Oh, I've been around too," he said mockingly. "A great many years. I'll tell you something, young man. I don't give a damn for your oil discoveries and all that. I've forecasted electric loads all my life—during the Depression, World War II, times of bust and boom. I've seen what Route 128's so-called Massachusetts Miracle did for Boston. And I can say for sure that no electric load ever grew by more than 9 percent a year for any

sustained period. Never. And that's in the best of times. Six percent is more reasonable."[1]

I stared at him. Part of me suspected he was right, but I felt defensive. I knew I had to convince him because my own conscience cried out for justification. I recalled Claudine's statement that I'd committed to memory; I was to provide a report that would convince Indonesia's leaders, "If you want your country to prosper, accept loans from the World Bank and adhere to the conditions imposed by it and the IMF."

"Howard, this isn't Boston. This is a country where, until now, no one could even get electricity. Things are different here."

He turned on his heel and waved his hand as though he could brush me away.

"Go ahead," he snarled. "Sell out. I don't give a damn what you come up with." He jerked his chair from behind his desk and fell into it. "I'll make my electricity forecast based on what I believe, not some pie-in-the-sky economic study." He picked up his pencil and started to scribble on a pad of paper.

It was a challenge I could not ignore. I went and stood in front of his desk.

"You'll look pretty stupid if I come up with what everyone expects—a boom to rival the California gold rush—and you forecast electricity growth at a rate comparable to Boston in the 1960s."

He slammed the pencil down and glared at me. "Unconscionable! That's what it is. You—all of you—" he waved his arms at the offices beyond our walls, "you've sold your souls to the devil. You're in it for the money. Now," he feigned a smile and reached under his shirt, "I'm turning off my hearing aid and going back to work."

It shook me to the core. I stomped out of the room and headed for Charlie's office. Halfway there, I stopped, uncertain about what I intended to accomplish. Instead, I turned and walked down the stairs, out the door, into the afternoon sunlight. The young woman was climbing out of the canal, her sarong wrapped tightly about her body. The elderly man had disappeared. Several boys played in the canal, splashing, and shouting at each other. An older woman was standing knee-deep in the water, brushing her teeth; another was scrubbing clothes.

A huge lump grew in my throat. I sat down on a slab of broken concrete, trying to disregard the pungent odor from the canal. I fought hard to hold back the tears; I needed to figure out why I felt so miserable.

You're in it for the money. I heard Howard's words, over and over. He had struck a raw nerve.

The little boys continued to splash each other, their gleeful voices filling the air. I wondered what I could do. What would it take to make me carefree like them? The question tormented me as I sat there watching them cavort in their blissful innocence, apparently unaware of the risk they took by playing in that fetid water. At the same time, I recognized the irony: I, a white male who had received many unearned privileges and who had fulfilled many of my earlier fantasies, was jealous of a couple of boys who were exploited by the system I promoted and were bathing in a sewer canal.

An elderly, hunchbacked man with a gnarled cane hobbled along the bank above the canal. He stopped and watched the boys, and his face broke into a toothless grin.

Perhaps I could confide in Howard; maybe together we would arrive at a solution. I immediately felt a sense of relief. I picked up a little stone and threw it into the canal. As the ripples faded, however, so did my euphoria. I knew I could do no such thing. Howard was old and bitter. He had already passed up opportunities to advance his own career. Surely he would not buckle now. I was young, just starting out, and certainly did not want to end up like him.

Staring into the water of that putrid canal, I once again saw images of the New Hampshire prep school on the hill, where I had spent vacations alone while the other boys went off to their debutante balls. Slowly the sorry fact settled in. Once again, there was no one I could talk to.

That night I lay in bed, thinking for a long time about the people in my life—Howard, Charlie, Claudine, Ann, Einar, Uncle Frank—wondering what my life would be like if I had never met them. Where would I be living? Not Indonesia, that was for sure. I wondered also about my future, about where I was headed. I pondered the decision confronting me. Charlie had made it clear that he expected Howard and me to come up with growth rates of at least 17 percent per annum. What kind of forecast would I produce?

Suddenly a thought soothed me. Why had it not occurred to me before? The decision was not mine at all. Howard had said that he would do what he considered right, regardless of my conclusions. I could please my bosses with a high economic forecast and he would make his own decision; my work would have no effect on the master plan. People kept emphasizing the importance of my role, but they were wrong. A great burden had been lifted. I fell into a deep sleep.

A few days later, Howard was taken ill with a severe amoebic attack. We rushed him to a Catholic missionary hospital. The doctors prescribed medication and strongly recommended that he return immediately to the United States. Howard assured us that he already had all the data he needed and could easily complete the load forecast from Boston. His parting words to me were a reiteration of his earlier warning.

"No need to cook the numbers," he said. "I'll not be part of that scam, no matter what you say about the miracles of economic growth!"

PART III

1971–1975

10

My Role as Inquisitor

Our contracts with the Indonesian government, the Asian Development Bank, and USAID required that someone on our team visit all the major population centers in the area covered by the master plan. I was designated to fulfill this condition. As Charlie put it, "You survived the Amazon; you know how to handle bugs, snakes, and bad water."

Along with a driver and translator, I visited many places, including picturesque fishing villages along the Java Sea, and stayed in some lodgings that would have appalled my MAIN team members. I met with local business and political leaders and listened to their opinions about the prospects for economic growth. However, I found most of them reluctant to share information with me. They seemed intimidated by my presence. Typically, they told me that I would have to check with their bosses, with government agencies, or with corporate headquarters in Jakarta. I sometimes suspected some sort of conspiracy was directed at me.

These trips were usually short, not more than two or three days. In between, I returned to the Wisma in Bandung. The woman who managed it had a son a few years younger than me. His name was Rasmon, but to everyone except his mother he was Rasy. A student of economics at a local university, he immediately took an interest in my work. In fact, I suspected that at some point he would approach me for a job. He also began to teach me Bahasa Indonesia.

Rasy owned a motor scooter and took it upon himself to introduce me to his city and people. "I'll show you a side of Indonesia you haven't seen," he promised one evening, and urged me to hop on behind him.

We passed shadow-puppet shows, musicians playing traditional instruments, fire-blowers, jugglers, and street vendors selling every imaginable ware, from contraband American cassettes to rare indigenous

artifacts. Finally, we ended up at a tiny coffeehouse populated by young people. Rasy introduced me to a group seated around a table and we sat down.

They all spoke English, with varying degrees of fluency, but they appreciated and encouraged my attempts at Bahasa. They talked about this openly and asked me why Americans never learned their language. I had no answer. Nor could I explain why I was the only American or European in this part of the city, even though you could always find plenty of us at the Golf and Racket Club, the posh restaurants, the movie theaters, and the upscale supermarkets.

Rasy and his friends treated me as one of their own. I enjoyed a sense of euphoria from being there, sharing their city, food, and music, smelling the clove cigarettes and other aromas that were part of their lives, joking and laughing with them. It was like the Peace Corps all over again, and I found myself wondering why I had ever thought that I wanted to travel first class and separate myself from people who came from cultures and backgrounds different from mine. They became increasingly interested in learning my thoughts about their country and about the war my country was fighting in Vietnam. Every one of them was horrified by what they referred to as "the illegal invasion," and they were relieved to discover I shared their feelings.

That night and others spent with Rasy and the young Indonesians, as well as my travels around the country, changed me. I found that I saw my fellow Americans in a different light. The young wives seemed not quite so beautiful. The chain-link fence around the pool and the steel bars outside the windows on the lower floors, which I had barely noticed before, now took on an ominous appearance. The food in the hotel's elegant restaurants seemed insipid, compared to the rich, fragrant local dishes.

I noticed something else too. During my meetings with political and business leaders, I became aware of subtleties in the way they treated me. I had not perceived it before, but now I saw that many of them resented my presence. For example, when they introduced me to each other, they often used Bahasa terms that, according to my dictionary, translated to *inquisitor* and *interrogator*. I purposely neglected disclosing my knowledge of their language—even my translator knew only that I could recite a few stock phrases—and I purchased a good Bahasa/English dictionary, which I often used after leaving them.

Were these addresses just coincidences of language? Misinterpretations in my dictionary? I tried to convince myself they were. Yet the more time I spent with these men (there were no women in those positions at that time), the more convinced I became that I was an intruder, that an order to cooperate had come down from someone, and that they had little choice but to comply. I had no idea whether a government official, a banker, a general, or the US embassy had sent the order. All I knew was that, although they invited me into their offices, offered me tea, politely answered my questions, and in every overt manner seemed to welcome my presence, beneath the surface there was a shadow of resignation and rancor.

It made me wonder, too, about their answers to my questions and about the validity of their data. For instance, I could never just walk into an office with my translator and meet with someone; we first had to set up an appointment. Since the phones seldom worked, we had to drive through the traffic-choked streets, which were laid out in such a convoluted manner that it could take an hour to reach a building only blocks away. Once there, we were asked to fill out several forms. Eventually, a male secretary would appear. Politely, he would question me about the types of information I desired, and then he would establish a time for the meeting.

Without exception, the scheduled appointment was at least several days away, and when the meeting finally occurred I was handed a folder of prepared materials. The industry owners gave me five-and ten-year plans, the bankers had charts and graphs, and the government officials provided lists of projects that were in the process of leaving the drawing boards to become engines of economic growth. Everything they provided and all they said indicated that Java was poised for perhaps the biggest boom any economy had ever enjoyed. No one ever questioned this premise or gave me any negative information.

As I headed back to Bandung, though, it occurred to me that everything I was doing in Indonesia was more like a game than reality. We kept our cards hidden. We could not trust each other or count on the reliability of the information we shared. Yet this game was deadly serious, and its outcome would impact millions of lives for decades to come.

11

Civilization on Trial

"I'm taking you to a *dalang*," Rasy beamed. "You know, the famous Indonesian puppet masters." He was obviously pleased to have me back in Bandung. "There's a very important one in town tonight."

He drove me on his scooter through parts of his city I did not know existed, through sections filled with traditional Javanese houses, which looked like a poor person's version of tiny tile-roofed temples. Gone were the stately Dutch Colonial mansions and office buildings I had grown to expect. The people were obviously poor, yet they bore themselves with great pride. They wore threadbare but clean batik sarongs, brightly colored blouses, and wide-brimmed straw hats. Everywhere we went we were greeted with smiles and laughter. When we stopped, children rushed up to touch me and feel the fabric of my jeans. One little girl stuck a fragrant frangipani blossom in my hair.

We parked the scooter near a sidewalk theater where several hundred people were gathered, some standing, others sitting in portable chairs. The night was clear and beautiful. Although we were in the heart of the oldest section of Bandung, there were no streetlights, so the stars sparkled over our heads. The air was filled with the aromas of wood fires, hot peanut sauce, and cloves.

Rasy disappeared into the crowd and soon returned with many of the young people I had met at the coffeehouse. They offered me hot tea, little cakes, and *sate*, tiny bits of meat cooked in peanut oil. I must have hesitated before accepting the latter, because one of the women pointed at a small fire. "Very fresh meat," she laughed. "Just cooked."

Then the music started—the hauntingly magical sounds of the *gamalong*, an instrument that conjures images of temple bells.

“The dalang plays all the music by himself,” Rasy whispered. “He also works all the puppets and speaks their voices, several languages. We’ll translate for you.”

It was a remarkable performance, combining traditional legends with current events. I would later learn that the dalang is a shaman who does his work in trance. He had over a hundred puppets and he spoke for each in a different voice. It was a night I will never forget, and one that has influenced the rest of my life.

After completing a classic selection from the ancient texts of the Ramayana, the dalang produced a puppet of Richard Nixon, complete with the distinctive long nose and sagging jowls. The US president was dressed like Uncle Sam, in a stars-and-stripes top hat and tails. He was accompanied by another puppet, which wore a three-piece pinstriped suit. The second puppet carried in one hand a bucket decorated with dollar signs. He used his free hand to wave an American flag over Nixon’s head in the manner of a slave fanning a master.

A map of the Middle and Far East appeared behind the two, the various countries hanging from hooks in their respective positions. Nixon immediately approached the map, lifted Vietnam off its hook, and thrust it into his mouth. He shouted something that was translated as, “Bitter! Rubbish. We don’t need any more of this!” Then he tossed it into the bucket and proceeded to do the same with other countries.

I was surprised, however, to see that his next selections did not include the domino nations of Southeast Asia. Rather, they were all Middle Eastern countries—Palestine, Kuwait, Saudi Arabia, Iraq, Syria, and Iran. After that, he turned to Pakistan and Afghanistan. Each time, the Nixon doll screamed out some epithet before dropping the country into his bucket, and in every instance, his vituperative words were anti-Islamic: “Muslim dogs,” “Mohammed’s monsters,” and “Islamic devils.” I felt ashamed that these people would see my country as so racist, bigoted.

The crowd became very excited, the tension mounting with each new addition to the bucket. They seemed torn between fits of laughter, shock, and rage. At times, I sensed they took offense to the puppeteer’s language. My feelings of shame turned to fear; I stood out in this crowd, taller than the rest, and I worried that they might direct their anger at me. Then Nixon said something that made my scalp tingle when Rasy translated it.

“Give this one to the World Bank. See what it can do to make us some money off Indonesia.” He lifted Indonesia from the map and moved to drop it into the bucket, but just at that moment another puppet leaped out of the shadows. This puppet represented an Indonesian man, dressed in batik shirt and khaki slacks, and he wore a sign with his name clearly printed on it.

“A popular Bandung politician,” Rasy explained.

This puppet literally flew between Nixon and Bucket Man and held up his hand.

“Stop!” he shouted. “Indonesia is sovereign.”

The crowd burst into applause. Then Bucket Man lifted his flag and thrust it like a spear into the Indonesian, who staggered and died a most dramatic death. The audience members booed, hooted, screamed, and shook their fists. Nixon and Bucket Man stood there, looking out at us. They bowed and left the stage.

“I think I should go,” I said to Rasy.

He placed a hand protectively around my shoulder. “It’s okay,” he said. “They have nothing against you personally.” I wasn’t so sure.

Later we all retired to the coffeehouse. Rasy and the others assured me that they had not been informed ahead of time about the Nixon–World Bank skit. “You never know what to expect from that puppeteer,” one of the young men observed.

I wondered aloud whether this had been staged in my honor. Someone laughed and said I had a very big ego. “Typical of Americans,” he added, patting my back congenially.

“Indonesians are very conscious of politics,” the man in the chair beside me said. “Don’t Americans go to shows like this?”

A sharp university student, an English major, sat across the table from me. “But you do work for the World Bank, don’t you?” she asked.

I told her that my current assignment was for the Asian Development Bank and the United States Agency for International Development.

“Aren’t they really all the same?” She didn’t wait for an answer. “Isn’t it like the play tonight showed? Doesn’t your government look at Indonesia and other countries as though we are just a bunch of . . .” She searched for the word.

“Grapes,” one of her friends coached.

"Exactly. A bunch of grapes. You can pick and choose. Keep England. Eat China. And throw away Indonesia."

"After you've taken all our oil," another woman added.

I tried to defend myself but was not at all up to the task. I wanted to take pride in the fact that I had come to this part of town and had stayed to watch the entire anti-US performance, which I might have construed as a personal assault. I wanted them to see the courage of what I had done, to know that I was the only member of my team who bothered to learn Bahasa or had any desire to take in their culture, and to point out that I was the sole foreigner attending this production. But I decided it would be more prudent not to mention any of this. Instead, I tried to refocus the conversation. I asked them why they thought the dalang had singled out Muslim countries, except for Vietnam.

The English student laughed at this. "Because that's the plan."

"Vietnam is just a holding action," one of the men interjected, "like Holland was for the Nazis. A stepping-stone."

"The real target," the woman continued, "is the Muslim world."

I could not let this go unanswered. "Surely," I protested, "you can't believe that the United States is anti-Islamic."

"Oh, no?" she asked. "Since when? You need to read one of your own historians—a Brit named Toynbee. Back in the fifties he predicted that the real war in the next century would not be between Communists and capitalists, but between Christians and Muslims."[1]

"Arnold Toynbee said that?" I was stunned.

"Yes. Read *Civilization on Trial* and *The World and the West*."

"But why should there be such animosity between Muslims and Christians?" I asked.

Looks were exchanged around the table. They appeared to find it hard to believe that I could ask such a foolish question.

"Because," she said slowly, as though addressing someone slow-witted or hard of hearing, "the West—especially its leader, the US—is determined to take control of all the world, to become the greatest empire in history. It has already gotten very close to succeeding. The Soviet Union currently stands in its way, but the Soviets will not endure. Toynbee could see that. They have no religion, no faith, no substance behind their ideology. History demonstrates that faith—soul, a belief in higher powers—is essential. We

Muslims have it. We have it more than anyone else in the world, even more than the Christians. So we wait. We grow strong."

"We will take our time," one of the men chimed in, "and then like a snake we will strike."

"What a horrible thought!" I could barely contain myself. "What can we do to change this?"

The English major looked me directly in the eyes. "Stop being so greedy," she said, "and so selfish. Realize that there is more to the world than your big houses and fancy stores. People are starving and you worry about oil for your cars. Babies are dying of thirst, and you search the fashion magazines for the latest styles. Nations like ours are drowning in poverty, but your people don't even hear our cries for help. You shut your ears to the voices of those who try to tell you these things. You label them radicals or Communists. You must open your hearts to the poor and downtrodden, instead of driving them further into poverty and servitude. There's not much time left. If you don't change, you're doomed."

Several days later the popular Bandung politician, whose puppet stood up to Nixon and was impaled by Bucket Man, was struck and killed by a hit-and-run driver.

Soon after that, I headed home.

Ann and I met in Paris to attempt a reconciliation. However, we continued to quarrel. On our next-to-last day, she asked if I'd had an affair. When I confessed, she said she had suspected it all along. We spent many hours sitting on a bench overlooking the Seine and talking. By the time we boarded our flight, we had come to the conclusion that our long history of anger and resentment was too large an obstacle and that we should live apart.

12

Opportunity of a Lifetime

Indonesia was a test for me in so many ways, and yet other tests awaited me in Boston.

I went to the Prudential Center headquarters first thing in the morning, and while standing with dozens of other employees at the elevator I learned that Mac Hall, MAIN's enigmatic, octogenarian chairman and CEO, had promoted Einar to president of the Portland, Oregon, office. As a result, I now officially reported to Bruno Zambotti.

Nicknamed "the silver fox" because of the color of his hair and his uncanny ability to outmaneuver everyone who challenged him, Bruno had the dapper good looks of Cary Grant. He was eloquent, and he held both an engineering degree and an MBA. He understood econometrics and was vice president in charge of MAIN's electrical power division and most of our international projects. He also was the obvious choice to take over as president of the corporation when his mentor, the aging Jake Dauber, retired. Like most MAIN employees, I was awed and terrified by Bruno Zambotti.

Just before lunch, I was summoned to Bruno's office. Following a cordial discussion about Indonesia, he said something that made me jump to the edge of my seat.

"I'm firing Howard Parker. We don't need to go into the details, except to say that he's lost touch with reality." His smile was disconcertingly pleasant as he tapped his finger against a sheaf of papers on his desk. "Eight percent a year. That's his load forecast. Can you believe it? In a country with the potential of Indonesia!"

His smile faded and he looked me squarely in the eye. "Charlie Illingworth tells me that your economic forecast is right on target and will justify load growth of between 17 and 20 percent. Is that right?"

I assured him it was.

He stood up and offered me his hand. “Congratulations. You’ve just been promoted.”

Perhaps I should have gone out and celebrated at a fancy restaurant with other MAIN employees—or even by myself. However, my mind was on Claudine. I was dying to tell her about my promotion, all my experiences in Indonesia, and my time with Ann.

She had warned me not to call her from abroad, and I had not. Now I was dismayed to find that her phone was disconnected, with no forwarding number. I went looking for her.

A young couple had moved into her apartment. It was lunchtime, but I believe I roused them from their bed; obviously annoyed, they professed to know nothing about Claudine. I paid a visit to the real estate agency, pretending to be a cousin. Their files indicated they had never rented to anyone with her name; the previous lease had been issued to a man who would remain anonymous by his request. Back at the Prudential Center, MAIN’s employment office also claimed to have no record of her. They admitted only to a “special consultants” file that was not available for my scrutiny.

By late afternoon, I was exhausted and emotionally drained. On top of everything else, a bad case of jet lag had set in. Returning to my empty apartment, I felt desperately lonely and abandoned. My promotion seemed meaningless or, even worse, a symbol of my willingness to sell out. I threw myself onto the bed, overwhelmed with despair. I had been used by Claudine and then discarded. Determined not to give in to my anguish, I shut down my emotions. I lay there on my bed staring at the bare walls for what seemed like hours.

Finally, I managed to pull myself together. I got up, swallowed a beer, and smashed the empty bottle against a table. Then I stared out the window. Looking down a distant street, I thought I saw her walking toward me. I started for the door and then returned to the window for another look.

The woman had come closer. I could see that she was dressed in that same sophisticated style and that her confident walk was reminiscent of Claudine’s, but it was not Claudine. My heart sank, and my feelings changed from anger and loathing to fear. I wondered if she had died—or been killed. I took a couple Valium and drank myself to sleep.

The next morning, a call from MAIN's personnel department woke me from my stupor. Its chief, Paul Mormino, assured me he understood my need for rest, but he urged me to come in that afternoon.

"Good news," he said. "The best thing for catching up with yourself."

I obeyed the summons and learned that Bruno had been more than true to his word. Not only had I been promoted to Howard's old job, but I'd also been given the title of Chief Economist and a raise. It did cheer me up a bit.

I took the afternoon off and wandered down along the Charles River with a quart of beer. As I sat there, watching the sailboats and nursing a combination of jet lag and vicious hangover, I convinced myself that Claudine had done her job and had moved on to her next assignment. She had always emphasized the need for secrecy. I was sure she would call me. Mormino had been right. My jet lag—and my anxiety—dissipated.

During the next weeks, I tried to put thoughts of Claudine aside. I focused on writing my report on the Indonesian economy and on revising Howard's load forecasts. I came up with the type of study my bosses wanted to see: a growth in electric demand averaging 19 percent per annum for twelve years after the new system was completed, tapering down to 17 percent for eight more years, and then holding at 15 percent for the remainder of the twenty-five-year projection.

I presented my conclusions at formal meetings with the international lending agencies. Their teams of experts questioned me extensively and mercilessly. By then, my emotions had turned into a sort of grim determination, not unlike those that had driven me to excel, rather than rebel, during my prep school days. Nonetheless, Claudine's memory always hovered close. When a sassy young economist out to make a name for himself at the Asian Development Bank grilled me relentlessly for an entire afternoon, I recalled the advice Claudine had given me as we sat in her Beacon Street apartment those many months before.

"Who can see twenty-five years into the future?" she had asked. "Your guess is as good as theirs. Confidence is everything."

I convinced myself I was an expert, reminding myself that I had experienced more of life in economically developing countries than many of the men—some of them twice my age—who now sat in judgment of my work. I had lived in the Amazon and had traveled to parts of Java no one else wanted to visit. I had taken a couple of intensive courses aimed at

teaching executives the finer points of econometrics, and I told myself that I was part of the new breed of statistically oriented, econometric-worshipping whiz kids that appealed to Robert McNamara, the buttoned-down president of the World Bank, former president of Ford Motor Company, and John Kennedy's secretary of defense. Here was a man who had built his reputation on numbers, on probability theory, on mathematical models, and —I suspected—on the bravado of a very large ego.

I tried to emulate both McNamara and my boss, Bruno. I adopted manners of speech that imitated the former, and I took to walking with the swagger of the latter, attaché case swinging at my side. Looking back, I wonder at my gall. In truth, my expertise was extremely limited, but what I lacked in training and knowledge I made up for in audacity.

And it worked. Eventually the team of experts stamped my reports with their seals of approval.

During the ensuing months, I attended meetings in Tehran, Caracas, Guatemala City, London, Vienna, and Washington, DC. I met famous personalities, including the shah of Iran, the former presidents of several countries, and Robert McNamara himself. Like prep school, it was a world of men. I was amazed at how my new title and the accounts of my recent successes before the international lending agencies affected other people's attitudes toward me.

At first, all the attention went to my head. I began to think of myself as a Merlin who could wave his wand over a country, causing it suddenly to light up, industries sprouting like flowers. Then I became disillusioned. I questioned my own motives and those of all the people I worked with. It seemed that a glorified title or a PhD did little to help a person understand the plight of a leper living beside a cesspool in Jakarta, and I doubted that a knack for manipulating statistics enabled a person to see into the future. The better I came to know those who made the decisions that shape the world, the more skeptical I became about their abilities and their goals.

I doubted whether limited resources would allow the whole world to live the opulent life of the United States, when even the United States had millions of citizens living in poverty. In addition, it wasn't entirely clear to me that people in other nations want to live like us. Our own statistics about violence, depression, drug abuse, divorce, and crime indicated that although ours was one of the wealthiest societies in history, it may also be one of the unhappiest. Why would we want others to emulate us? Looking at the faces

in the meetings I attended, I found my skepticism often turned to silent anger at the hypocrisy.

Eventually, however, this also changed. I came to understand that most of those men believed they were doing the right thing. Like Charlie, they were convinced that communism was an evil force—rather than the reaction to decisions they and their predecessors had made—and that they had a duty to their country, to their offspring, and to God to convert the world to capitalism. They also clung to the principle of survival of the fittest; if they happened to enjoy the good fortune to have been born into a privileged class instead of inside a cardboard shack, then they saw it as an obligation to pass this heritage on to their progeny.

I vacillated between viewing such people as an actual conspiracy and simply seeing them as a tight-knit fraternity bent on dominating the world. Nonetheless, over time I began to liken them to the plantation owners of the pre–Civil War South. They were men drawn together in a loose association by common beliefs and shared self-interest, rather than an exclusive group meeting in clandestine hideaways with focused and sinister intent. The plantation autocrats had grown up with servants and slaves, and had been educated to believe that it was their right, even their duty, to take care of the "heathens" and to convert them to the owners' religion and way of life. Even if slavery repulsed them philosophically, they could, like Thomas Jefferson, justify it as a necessity whose collapse would result in social and economic chaos. The leaders of the modern oligarchies, what I now thought of as the corporatocracy, seemed to fit the same mold.

I also began to wonder who benefits from war and the mass production of weapons, from the damming of rivers and the destruction of indigenous environments and cultures. Or when hundreds of thousands of people die from insufficient food, polluted water, or curable diseases. Slowly, I came to realize that in the long run no one benefits, but in the short term those at the top of the pyramid—my bosses and me—appear to benefit, at least materially.

This raised several other questions: Why does this situation persist? Why has it endured for so long? Does the answer lie simply in the adage that "might is right," that those with the power perpetuate the system?

It seemed insufficient to say that power alone allows this situation to persist. While the proposition that might makes right explained a great deal, I felt there must be another force at work here. I recalled an economics

professor from my business school days, a man from northern India, who lectured about limited resources, about man's need to grow continually, and about the principle of slave labor. According to this professor, all successful capitalist systems involve hierarchies with rigid chains of command, including a handful at the very top who control descending orders of subordinates, and a massive army of workers at the bottom, who in relative economic terms truly can be classified as slaves. Ultimately, then, I became convinced that we encourage this system because the corporatocracy has convinced us that God has given us the right to place a few of our people at the very top of this capitalist pyramid and to export our system to the entire world.

Of course, Americans are not the first to do this. The list of practitioners stretches back to the ancient empires of North Africa, the Middle East, and Asia, and works its way up through Persia, Greece, Rome, the Christian Crusades, and all the European empire builders of the post-Columbus era. This imperialist drive has been and continues to be the cause of most wars, pollution, starvation, species extinctions, and genocides. And it has always taken a serious toll on the conscience and well-being of the citizens of those empires, contributing to social malaise and resulting in a situation where the wealthiest cultures in human history are plagued with the highest rates of suicide, drug abuse, and violence.

I thought extensively about these questions, but I avoided considering the nature of my own role in all of it. I tried to think of myself not as an EHM but as a chief economist. It sounded so very legitimate, and if I needed any confirmation, I could look at my pay stubs: all were from MAIN, a private corporation. I didn't earn a penny from the NSA or any government agency. And so I became convinced. Almost.

One afternoon Bruno called me into his office. He walked behind my chair and patted me on the shoulder. "You've done an excellent job," he purred. "To show our appreciation, we're giving you the opportunity of a lifetime, something few men ever receive, even at twice your age."

13

Panama's President and Hero

I landed at Panama's Tocumen International Airport late one April night in 1972, during a tropical deluge. As was common in those days, I shared a taxi with several other executives, and because I spoke Spanish, I ended up in the front seat beside the driver. I stared blankly out the taxi's windshield. Through the rain, the headlights illuminated a billboard portrait of a handsome man with a prominent brow and flashing eyes. One side of his wide-brimmed hat was hooked rakishly up. I recognized him as the hero of modern Panama, Omar Torrijos.

I had prepared for this trip in my customary fashion, by visiting the reference section of the Boston Public Library. I knew that one of the reasons for Torrijos's popularity among his people was that he was a firm defender of both Panama's right of self-rule and of its claims to sovereignty over the Panama Canal. He was determined that the country under his leadership would avoid the pitfalls of its ignominious history.

Panama was part of Colombia when the French engineer Ferdinand de Lesseps, who directed construction of the Suez Canal, decided to build a canal through the Central American isthmus to connect the Atlantic and Pacific oceans. Beginning in 1881, the French undertook a mammoth effort that met with one catastrophe after another. Finally, in 1889, the project ended in financial disaster—but it had inspired a dream in Theodore Roosevelt. During the first years of the twentieth century, the United States demanded that Colombia sign a treaty turning the isthmus over to a North American consortium. Colombia refused.

In 1903, President Roosevelt sent in the US warship *Nashville*. US soldiers landed, seized and killed a popular local militia commander, and declared Panama an independent nation. A puppet government was installed, and the first Canal Treaty was signed; it established an American

zone on both sides of the future waterway, legalized US military intervention, and gave Washington virtual control over this newly formed "independent" nation.

Interestingly, the treaty was signed by US Secretary of State John Hay and a French engineer, Philippe Bunau-Varilla, who had been part of the original team, but it was not signed by a single Panamanian. In essence, Panama was forced to leave Colombia in order to serve the United States, in a deal struck by an American and a Frenchman—in retrospect, a prophetic beginning.[1]

For more than half a century, Panama was ruled by an oligarchy of wealthy families with strong connections to Washington. They were right-wing dictators who took whatever measures they deemed necessary to ensure that their country promoted US interests. In the manner of most of the Latin American dictators who allied themselves with Washington, Panama's rulers interpreted US interests to mean putting down any populist movement that smacked of Socialism. They also supported the CIA and NSA in anti-Communist activities throughout the hemisphere, and they helped big American businesses like Rockefeller's Standard Oil and United Fruit Company (which George H. W. Bush's Zapata Corporation tried to purchase). These governments apparently did not feel that US interests were promoted by improving the lives of people who lived in dire poverty or served as virtual slaves to the big plantations and corporations.

Panama's ruling families were well rewarded for their support; US military forces intervened on their behalf a dozen times between the declaration of Panamanian independence and 1968. However, that year, while I was still a Peace Corps volunteer in Ecuador, the course of Panamanian history suddenly changed. A coup overthrew Arnulfo Arias, the latest in the parade of dictators, and Omar Torrijos emerged as the head of state, although he had not actively participated in the coup.[2]

Torrijos was highly regarded by the Panamanian middle and lower classes. He himself had grown up in the rural city of Santiago, where his parents taught school. He had risen quickly through the ranks of the National Guard, Panama's primary military unit and an institution that during the 1960s gained increasing support among the poor. Torrijos earned a reputation for listening to the dispossessed. He walked the streets of their shantytowns, held meetings in slums politicians didn't dare to enter, helped

the unemployed find jobs, and often donated his own limited financial resources to families stricken by illness or tragedy.[3]

His love of life and his compassion for people reached even beyond Panama's borders. Torrijos was committed to turning his nation into a haven from persecution for fugitives, a place that would offer asylum to refugees from both sides of the political fence, from leftist opponents of Chile's Pinochet to right-wing anti-Castro guerrillas. Many people saw him as an agent of peace, a perception that earned him praise throughout the hemisphere. He also developed a reputation as a leader who was dedicated to resolving differences among the various factions that were tearing apart so many Latin American countries: Honduras, Guatemala, El Salvador, Nicaragua, Cuba, Colombia, Peru, Argentina, Chile, and Paraguay. His small nation of two million people served as a model of social reform and an inspiration for world leaders as diverse as the labor organizers who plotted the dismemberment of the Soviet Union and Islamic militants like Muammar Gadhafi of Libya.[4]

My first night in Panama, stopped at the traffic light, peering past the noisy windshield wipers, I was moved by this man smiling down at me from the billboard—handsome, charismatic, and courageous. I knew from my hours at the Boston library that he stood behind his beliefs. For the first time in its history, Panama was not a puppet of Washington or of anyone else. Torrijos never succumbed to the temptations offered by Moscow or Beijing; he believed in social reform and in helping those born into poverty, but he did not advocate communism. Unlike Castro, Torrijos was determined to win freedom from the United States without forging alliances with its enemies.

I had stumbled across an article in some obscure journal in the library racks that praised Torrijos as a man who would alter the history of the Americas, reversing a long-term trend toward US domination. The author cited as his starting point Manifest Destiny—the doctrine, popular with many Americans during the 1840s, that the conquest of North America was divinely ordained; that God, not men, had ordered the genocide of Indians, destruction of forests, and near-extinction of buffalos, the draining of swamps and the channeling of rivers, and the development of an economy that depends on the continuing exploitation of labor and natural resources.

The article got me thinking about my country's attitude toward the world. The Monroe Doctrine, originally enunciated by President James

Monroe in 1823, was used to take Manifest Destiny a step further when, in the 1850s and 1860s, it was cited as an assertion that the United States had special rights all over the hemisphere, including the right to invade any nation in Central or South America that refused to back US policies. Teddy Roosevelt invoked the Monroe Doctrine to justify US intervention in the Dominican Republic, in Venezuela, and during the "liberation" of Panama from Colombia. A string of subsequent US presidents—most notably Taft, Wilson, and Franklin Roosevelt—relied on it to expand Washington's Pan-American activities through the end of World War II. Finally, during the latter half of the twentieth century, the United States used the Communist threat to justify expansion of this concept to countries around the globe, including Vietnam and Indonesia.[5]

Now, it seemed, one man was standing in Washington's way. I knew that he was not the first—leaders like Castro and Allende had gone before him—but Torrijos alone was doing it outside the realm of Communist ideology and without claiming that his movement was a revolution. He was simply saying that Panama had its own rights—to sovereignty over its people, its lands, and a waterway that bisected it—and that these rights were as valid and as divinely bestowed as any enjoyed by the United States.

Torrijos also objected to the School of the Americas (renamed the Western Hemisphere Institute for Security Cooperation in 2001) and to the US Southern Command's tropical warfare training center, both located in the Canal Zone. For years, the United States armed forces had invited Latin American dictators and presidents to send their sons and military leaders to these facilities—the largest and best equipped outside North America. There, they learned interrogation and covert operational skills as well as military tactics that they would use to fight Communism and to protect their own assets and those of the oil companies and other private corporations. They also had opportunities to bond with the United States' top brass.

These facilities were hated by Latin Americans—except for the few wealthy ones who benefited from them. The training centers were known to provide schooling for right-wing death squads and the torturers who had turned so many nations into totalitarian regimes. Torrijos made it clear that he did not want training centers located in Panama—and that he considered the Canal Zone to be included within his borders.[6]

Seeing the handsome general on the billboard, and reading the caption beneath his face—"Omar's ideal is freedom; the missile is not invented that

can kill an ideal!”—I felt a shiver run down my spine. I had a premonition that the story of Panama in the twentieth century was far from over, and that Torrijos was in for a difficult and perhaps even tragic time.

The tropical storm battered against the windshield, the traffic light turned green, and the driver honked his horn at the car ahead of us. I thought about my own position. I had been sent to Panama to close the deal on what would become MAIN’s first truly comprehensive master development plan. This plan would create a justification for World Bank, Inter-American Development Bank, and USAID investments of billions of dollars in the energy, transportation, and agricultural sectors of this tiny and very crucial country. It was, of course, a subterfuge, a means of making Panama forever indebted and thereby returning it to its puppet status.

As the taxi started to move through the night, a paroxysm of guilt flashed through me, but I suppressed it. What did I care? I had taken the plunge in Java, sold my soul, and now I was offered, as Bruno had said, the opportunity of a lifetime. I could become rich, famous, and powerful in one blow.

14

US Colonialism in the Canal Zone

The next day, the Panamanian government sent a man to show me around. His name was Fidel, and I was immediately drawn to him. He was tall and slim and took obvious pride in his country. His great-great-grandfather had fought beside Bolívar to win independence from Spain. I told him I was related to Tom Paine and was thrilled to learn that Fidel had read *Common Sense* in Spanish. He spoke English, but when he discovered I was fluent in the language of his country, he was overcome with emotion. "Many of your people live here for years and never bother to learn it," he said.

Fidel took me on a drive through an impressively prosperous sector of his city, which he called the New Panama. As we passed modern glass-and-steel skyscrapers, he explained that Panama had more international banks than any other country south of the Rio Grande.

"We're often called the Switzerland of the Americas," he said. "We ask very few questions of our clients."

Back in the city, Fidel drove us through an area he described as a slum.

"Not our worst," he said. "But you'll get the flavor."

Wooden shacks and ditches filled with standing water lined the street, frail homes suggesting dilapidated boats scuttled in a cesspool. The smell of rot and sewage filled our car as children with distended bellies ran alongside. When we slowed, they congregated at my side, calling me "uncle" and begging for money. It reminded me of Jakarta.

Graffiti covered many of the walls. There were a few of the usual hearts with couples' names scrawled inside, but most of the graffiti were slogans expressing hatred of the United States: "Go home, gringo," "Stop shitting in our canal," "Uncle Sam, slave master," and "Tell Nixon that Panama is not Vietnam." The one that chilled my heart the most, however, read, "Death

for freedom is the way to Christ." Scattered among these were posters of Omar Torrijos.

"Now the other side," Fidel said. "I've got official papers and you're a US citizen, so we can go." Beneath a magenta sky, he drove us into the Canal Zone.[1] As prepared as I thought I was, it was not enough. I could hardly believe the opulence of the place—huge white buildings, manicured lawns, plush homes, golf courses, stores, and theaters.

"The facts," he said. "Everything in here is US property. All the businesses—the supermarkets, barbershops, beauty salons, restaurants, all of them—are exempt from Panamanian laws and taxes. There are seven 18-hole golf courses, US post offices scattered conveniently around, US courts of law and schools. It truly is a country within a country." Fidel peered at me. "Over there," he pointed back toward the city, "income per capita is less than one thousand dollars a year, and unemployment rates are 30 percent. Of course, in the little shantytown we just visited, no one makes close to one thousand dollars, and hardly anyone has a job."

"US colonialism at its worst," I said. "What's being done?"

He turned and gave me a look that seemed to change from anger to sadness.

"What *can* we do?" He shook his head. "I don't know, but I'll say this: Torrijos is trying. I think it may be the death of him, but he sure as hell is giving it all he's got. He's a man who'll go down fighting for his people."

15

Conversations with the General

The invitation was completely unexpected. One morning during that same 1972 visit, I was sitting in an office I had been given at the Instituto de Recursos Hidraulicos y Electrificación, Panama's government-owned electric utility company. I was poring over a sheet of statistics when a man knocked gently on the frame of my open door. I invited him in, pleased with any excuse to take my attention off the numbers. He announced himself as the general's chauffeur and said he had come to take me to one of the general's bungalows.

An hour later, I was sitting across the table from General Omar Torrijos. He was dressed casually, in typical Panamanian style: khaki slacks and a short-sleeved shirt buttoned down the front, light blue with a delicate green pattern. He was tall, fit, and handsome. He seemed amazingly relaxed for a man with his responsibilities. A lock of dark hair fell over his prominent forehead.

He asked about my recent travels to Indonesia, Guatemala, and Iran. The three countries fascinated him, but he seemed especially intrigued with Iran's king, Shah Mohammad Reza Pahlavi. The shah had come to power in 1941, after the British and Soviets overthrew his father, whom they accused of collaborating with Hitler.[1]

"Can you imagine," Torrijos asked, "being part of a plot to dethrone your own father?"

Panama's head of state knew a good deal about the history of this far-off land. We talked about how the tables were turned on the shah in 1951, and how his own premier, Mohammad Mossadegh, forced him into exile. Torrijos knew, as did most of the world, that it had been the CIA that labeled the premier a Communist and that stepped in to restore the shah to power. However, he did not know—or at least did not mention—the parts

Claudine had shared with me, about Kermit Roosevelt's brilliant maneuvers and the fact that this had been the beginning of a new era in imperialism, the match that had ignited the global empire conflagration.

"After the shah was reinstated," Torrijos continued, "he launched a series of revolutionary programs aimed at developing the industrial sector and bringing Iran into the modern era."

I asked him how he happened to know so much about Iran.

"I make it a point," he said. "I don't think too highly of the shah's politics—his willingness to overthrow his own father and become a CIA puppet—but it looks as though he's doing good things for his country. Perhaps I can learn something from him. If he survives."

"You think he won't?"

"He has powerful enemies."

"And some of the world's best bodyguards."

Torrijos gave me a sardonic look. "His secret police, SAVAK, have the reputation of being ruthless thugs. That doesn't win many friends. He won't last much longer." He paused, then rolled his eyes. "Bodyguards? I have a few myself." He waved at the door. "You think they'll save my life if your country decides to get rid of me?"

I asked whether he truly saw that as a possibility.

He raised his eyebrows in a manner that made me feel foolish for asking such a question. "We have the Canal. That's a lot bigger than Arbenz and United Fruit."

I had researched Guatemala, and I understood Torrijos's meaning. United Fruit Company had been that country's political equivalent of Panama's canal. Founded in the late 1800s, United Fruit soon grew into one of the most powerful forces in Central America. During the early 1950s, reform candidate Jacobo Arbenz was elected president of Guatemala in an election hailed all over the hemisphere as a model of the democratic process. At the time, less than 3 percent of Guatemalans owned 70 percent of the land. Arbenz promised to help the poor dig their way out of starvation, and after his election he implemented a comprehensive land reform program.

"The poor and middle classes throughout Latin America applauded Arbenz," Torrijos said. "Personally, he was one of my heroes. But we also held our breath. We knew that United Fruit opposed these measures, since they were one of the largest and most oppressive landholders in Guatemala.

They also owned big plantations in Colombia, Costa Rica, Cuba, Jamaica, Nicaragua, Santo Domingo, and here in Panama. They couldn't afford to let Arbenz give the rest of us ideas."

I knew the rest: United Fruit had launched a major public relations campaign in the United States, aimed at convincing the American public and Congress that Arbenz was part of a Russian plot and that Guatemala was a Soviet satellite. In 1954, the CIA orchestrated a coup. American pilots bombed Guatemala City and the democratically elected Arbenz was overthrown, replaced by Colonel Carlos Castillo Armas, a ruthless right-wing dictator.

The new government owed everything to United Fruit. By way of thanks, the government reversed the land reform process, abolished taxes on the interest and dividends paid to foreign investors, eliminated the secret ballot, and jailed thousands of its critics. Anyone who dared to speak out against Castillo was persecuted. Historians trace the violence and terrorism that plagued Guatemala for most of the rest of the century to the not-so-secret alliance between United Fruit, the CIA, and the Guatemalan army under its colonel dictator.[2]

"Arbenz was assassinated," Torrijos continued. "Political and character assassination." He paused and frowned. "How could your people swallow that CIA rubbish? I won't go so easily. The military here are my people. Political assassination won't do." He smiled. "The CIA itself will have to kill me!"

We sat in silence for a few moments, each lost in his own thoughts. Torrijos was the first to speak.

"Do you know who owns United Fruit?" he asked.

"Zapata Oil, George Bush's company—our UN ambassador." I said.

"A man with ambitions." He leaned forward and lowered his voice. "And now I'm up against his cronies at Bechtel."

This startled me. Bechtel was the world's most powerful engineering firm and a frequent collaborator on projects with MAIN. In the case of Panama's master plan, I had assumed that they were one of our major competitors.

"What do you mean?"

"We've been considering building a new canal, a sea-level one, without locks. It can handle bigger ships. The Japanese may be interested in

financing it."

"They're the Canal's biggest clients."

"Exactly. Of course, if they provide the money, they will do the construction."

It struck me. "Bechtel will be out in the cold."

"The biggest construction job in recent history." He paused. "Bechtel's loaded with Nixon, Ford, and Bush cronies." (Bush, as US ambassador to the UN, and Ford, as House Minority Leader and Chairman of the Republican National Convention, were well known to Torrijos as Republican power brokers.) "I've been told that the Bechtel family pulls the strings of the Republican Party."

This conversation left me feeling very uncomfortable. I was one of the people who perpetuated the system he so despised, and I was certain he knew it. My job of convincing him to accept international loans in exchange for hiring US engineering and construction firms appeared to have hit a mammoth wall. I decided to confront him head-on.

"General," I asked, "why did you invite me here?"

He glanced at his watch and smiled. "Yes, time now to get down to our own business. Panama needs your help. I need your help."

I was stunned. "My help? What can I do for you?"

"We will take back the Canal. But that's not enough." He relaxed into his chair. "We must also serve as a model. We must show that we care about our poor and we must demonstrate beyond any doubt that our determination to win our independence is not dictated by Russia, China, or Cuba. We must prove to the world that Panama is a reasonable country, that we stand not *against* the United States but *for* the rights of the poor." He told me that he had done his research and concluded that I was a man who would listen to him. My Peace Corps experience of helping impoverished people, fluency in Spanish, and obvious love for Latin America had impressed him.

He crossed one leg over the other. "In order to do that we need to build up an economic base that is like none in this hemisphere. Electricity, yes—but electricity that reaches the poorest of our poor and is subsidized. The same for transportation and communications. And especially for agriculture. Doing that will take money—your money, the World Bank and the Inter-American Development Bank."

Once again, he leaned forward. His eyes held mine. “I understand that your company wants more work and usually gets it by inflating the size of projects—wider highways, bigger power plants, deeper harbors. This time is different, though. Give me what’s best for my people, and I’ll give you all the work you want.”

What he proposed was totally unexpected, and it both shocked and excited me. It certainly defied all I had learned at MAIN. Surely, he knew that the foreign aid game was a sham—he had to know. It existed to make him rich and to shackle his country with debt. It was there so Panama would be forever obligated to the United States and the corporatocracy. It was there to keep Latin America on the path of Manifest Destiny and forever subservient to Washington and Wall Street. I was certain that he knew that the system was based on the assumption that all men in power are corruptible, and that his decision not to use it for his personal benefit would be seen as a threat, a new form of domino that might start a chain reaction and eventually topple the entire system.

I looked across the coffee table at this man who certainly understood that because of the Canal he enjoyed a very special and unique power, and that it placed him in a particularly precarious position. He had to be careful. He already had established himself as a leader among lower-income country leaders. If he, like his hero Arbenz, was determined to take a stand, the world would be watching. How would the system react? More specifically, how would the US government react? Latin American history was littered with dead heroes.

I also knew I was looking at a man who challenged all the justifications I had formulated for my own actions. This man certainly had his share of personal flaws, but he was no pirate, no Henry Morgan or Francis Drake—those swashbuckling adventurers who used letters of marque from English kings as a cloak to legitimatize piracy. The picture on the billboard had not been your typical political deception. “Omar’s ideal is freedom; the missile is not invented that can kill an ideal!” Hadn’t Tom Paine penned something similar?

It made me wonder, though. Perhaps ideals do not die, but what about the men behind them? Che, Arbenz, Allende; the latter was the only one still alive, but for how long? And it raised another question: How would I respond if Torrijos were thrust into the role of martyr?

By the time I left him we both understood that MAIN would get the contract for the master plan, and that I would see to it that we did Torrijos's bidding.

16

Entering a New and Sinister Period in Economic History

As chief economist, I not only was in charge of a department at MAIN and responsible for the studies we carried out around the globe, but also was expected to be conversant with current economic trends and theories. The early 1970s were a time of major shifts in international economics.

During the 1960s, a group of countries had formed OPEC, the cartel of oil-producing nations, largely in response to the power of the big refining companies. Iran was also a major factor. Even though the shah owed his position and possibly his life to the United States' clandestine intervention during the Mossadegh struggle—or perhaps because of that fact—he was acutely aware that the tables could be turned on him at any time. The heads of state of other petroleum-rich nations shared this awareness and the paranoia that accompanied it. They also knew that the major international oil companies, known as "The Seven Sisters," were collaborating to hold down petroleum prices—and thus the revenues they paid to the producing countries—as a means of reaping their own windfall profits. OPEC was organized to strike back.

This all came to a head in the early 1970s, when OPEC brought the industrial giants to their knees. A series of concerted actions, ending with a 1973 oil embargo symbolized by long lines at US gas stations, threatened to bring on an economic catastrophe rivaling the Great Depression. It was a systemic shock to the developed world economy, and of a magnitude that few people could begin to comprehend.

The oil crisis could not have come at a worse time for the United States. It was a confused nation, full of fear and self-doubt, reeling from a humiliating war in Vietnam and a president who was about to resign. Nixon's problems were not limited to Southeast Asia and Watergate. He had

stepped up to the plate during an era that, in retrospect, would be understood as the threshold of a new epoch in world politics and economics. In those days, it seemed that the "little guys," including the OPEC countries, were getting the upper hand.

I was fascinated by world events. My bread was buttered by the corporatocracy, yet some secret side of me enjoyed watching my masters being put in their places. I suppose it assuaged my guilt a bit.

None of us could have been aware of the full impact of the embargo at the time it was happening. We certainly had our theories, but we could not understand what has since become clear. In hindsight, we know that economic growth rates after the oil crisis were about half those prevailing in the 1950s and 1960s, and that they had taken place against much greater inflationary pressure. The growth that did occur was structurally different and did not create nearly as many jobs, so unemployment soared. To top it all off, the international monetary system took a blow; the network of fixed exchange rates, which had prevailed since the end of World War II, essentially collapsed.

During that time, I frequently got together with friends to discuss these matters over lunch or beers after work. Some of these people worked for me—my staff included very smart people, mostly young, who for the most part were freethinkers, at least by conventional standards. Others were executives at Boston think tanks or professors at local colleges, and one was an assistant to a state congressman. These were informal meetings, sometimes attended by as few as two of us, while others might include a dozen participants. The sessions were always lively and raucous.

When I look back at those discussions, I am embarrassed by the sense of superiority I often felt. I knew things I could not share. My friends sometimes flaunted their credentials—connections in the state government or in Washington, professorships, and think tank PhDs—and I would answer this in my role as chief economist of a major consulting firm, who traveled around the world first class. Yet I could not discuss my private meetings with men like Torrijos, or the things I knew about the ways we were manipulating countries on every continent.

When we talked about the power of the little guys, I had to exercise a great deal of restraint. I knew what none of them could possibly know, that the corporatocracy, its band of EHMs, and the jackals waiting in the background would never allow the little guys to gain control. I only had to

draw upon the examples of Arbenz and Mossadegh—and more recently, upon the 1973 CIA overthrow of Chile's democratically elected president, Salvador Allende. In fact, I understood that the stranglehold of global empire was growing stronger, despite OPEC—or, as I suspected at the time but did not confirm until later, with OPEC's help.

Our conversations often focused on the similarities between the early 1970s and the 1930s. The latter represented a major watershed in the international economy and in the way it was studied, analyzed, and perceived. That decade opened the door to Keynesian economics and to the idea that government should play a major role in managing markets and providing services such as health, unemployment compensation, and other forms of welfare.

The Depression resulted in the New Deal and in policies that promoted economic regulation, governmental financial manipulation, and the extensive application of fiscal policy. In addition, both the Depression and World War II led to the creation of organizations like the World Bank, the IMF, and the General Agreement on Tariffs and Trade (GATT). The 1960s was a pivotal decade in this period and in the shift from neoclassic to Keynesian economics. It happened under the Kennedy and Johnson administrations, and perhaps the most important single influence was one man, Robert McNamara.

McNamara was a frequent visitor to our discussion groups—in absentia, of course. We all knew about his meteoric rise from manager of planning and financial analysis to president of the Ford Motor Company, then secretary of defense and, now, president of the World Bank.

McNamara became a strong advocate of a Keynesian approach to government, using mathematical models and statistical approaches to determine troop levels, allocation of funds, and other strategies in Vietnam. His advocacy of "aggressive leadership" became a hallmark not only of government managers but also of corporate executives. It formed the basis of a new philosophical approach to teaching management at the nation's top business schools, and it ultimately led to a new breed of CEOs who would spearhead the rush to global empire.[1]

As we sat around the table discussing world events, my friends characterized him as the archetype of the military industrial complex. Such an apparent breach in the separation of powers horrified many of them; I may have been the only one who was not in the least surprised.

I see now that Robert McNamara's greatest and most sinister contributions to history were to jockey the World Bank into becoming an agent of global empire on a scale never before witnessed and to set a dangerous precedent. He advocated the idea that "If you want your country to prosper, accept loans from the World Bank, hire our companies to build infrastructure projects, and adhere to the conditions imposed by it and the IMF" and took it to new levels. His ability to bridge the gaps between the primary components of the corporatocracy would be fine-tuned by his successors.

This happened during my time as an EHM and continues today. For instance, George Shultz was secretary of the treasury under Nixon, served as Bechtel president, and then became secretary of state under Reagan. Caspar Weinberger was a Bechtel vice president and general counsel, and later secretary of defense under Reagan. Richard Cheney served as secretary of defense under George H. W. Bush (himself a former oil man, US ambassador to the UN, and CIA director), as Halliburton president, and as US vice president to George W. Bush. Bill Clinton's treasury secretary, Robert Rubin, had been co-chairman at Goldman Sachs. The list is overwhelming, continuing under Barack Obama, Donald Trump, and Joe Biden.

Looking back, I am struck by the innocence of the days when I was an EHM and McNamara ran the World Bank. In many respects, we were still caught up in the old approaches to empire building. Kermit Roosevelt had shown us a better way when he overthrew an Iranian democrat and replaced him with a despotic king. We EHMs were accomplishing many of our objectives in places like Indonesia and Ecuador, and yet Vietnam was a stunning example of how easily we could slip back into old patterns.

It would take the leading member of OPEC, Saudi Arabia, to change that.

17

The Saudi Arabian Money-Laundering Affair

In 1974, a diplomat from Saudi Arabia showed me photos of Riyadh, the capital of his country. Included in these photos was a herd of goats rummaging among piles of refuse outside a government building. When I asked the diplomat about them, his response shocked me. He told me that they were the city's main garbage disposal system.

"No self-respecting Saudi would ever collect trash," he said. "We leave it to the beasts."

Goats! In the capital of the world's greatest oil kingdom. It seemed unbelievable.

At the time, I was one of a group of consultants just beginning to try to piece together a solution to the oil crisis. Those goats led me to an understanding of how that solution might evolve, especially given the country's pattern of development over the previous three centuries.

In the eighteenth century, Mohammed ibn Saud, a local warlord, joined forces with fundamentalists from the ultraconservative Wahhabi sect. It was a powerful union, and during the next two hundred years the Saud family and their Wahhabi allies conquered most of the Arabian Peninsula, including Islam's holiest sites, Mecca and Medina.

Saudi society reflected the puritanical idealism of its founders, and a strict interpretation of Koranic beliefs was enforced. Religious police ensured adherence to the mandate to pray five times a day. Women were required to cover themselves from head to toe. Punishment for criminals was severe; public executions and stonings were common. During my first visit to Riyadh, I was amazed when my driver told me I could leave my camera, briefcase, and even my wallet in plain sight inside our car, parked near the open market, without locking it.

“No one,” he said, “would think of stealing here. Thieves have their hands cut off.”

Later that day, he asked me if I would like to visit so-called Chop Chop Square and watch a beheading. Wahhabism’s adherence to what we would consider extreme puritanism made the streets safe from thieves—and demanded the harshest form of corporal punishment for those who violated the laws. I declined the invitation.

The Saudi view of religion as an important element of politics and economics contributed to the oil embargo that shook the Western world. On October 6, 1973 (Yom Kippur, the holiest of Jewish holidays), Egypt and Syria launched simultaneous attacks on Israel. It was the beginning of the October War—the fourth and most destructive of the Arab-Israeli wars, and the one that would have the greatest impact on the world. Egypt’s President Sadat pressured Saudi Arabia’s King Faisal to retaliate against the United States for its complicity with Israel by employing what Sadat referred to as “the oil weapon.” On October 16, Iran and the five Arab Gulf states, including Saudi Arabia, announced a 70 percent increase in the posted price of oil.

Meeting in Kuwait City, Arab oil ministers pondered further options. The Iraqi representative was vehemently in favor of targeting the United States. He called on the other delegates to nationalize American businesses in the Arab world, to impose a total oil embargo on the United States and on all other nations friendly to Israel, and to withdraw Arab funds from every American bank. He pointed out that Arab bank accounts were substantial and that this action could result in a panic not unlike that of 1929.

Other Arab ministers were reluctant to agree to such a radical plan, but on October 17 they did decide to move forward with a more limited embargo, which would begin with a 5 percent cut in production and then impose an additional 5 percent reduction every month until their political objectives were met. They agreed that the United States should be punished for its pro-Israeli stance and should therefore have the most severe embargo levied against it. Several of the countries attending the meeting announced that they would implement cutbacks of 10 percent, rather than 5 percent.

On October 19, President Nixon asked Congress for $2.2 billion in aid to Israel. The next day, Saudi Arabia and other Arab producers imposed a total embargo on oil shipments to the United States.[1]

The oil embargo ended on March 18, 1974. Its duration was short, its impact immense. The selling price of Saudi oil leaped from $1.39 a barrel on January 1, 1970, to $8.32 on January 1, 1974.[2] Politicians and future administrations would never forget the lessons learned during the early to mid-1970s. In the long run, the trauma of those few months served to strengthen the corporatocracy; its three sectors—big corporations, international banks, and government—bonded as never before. That bond would endure.

The embargo also resulted in significant attitude and policy changes. It convinced Wall Street and Washington that such an embargo could never again be tolerated. Protecting our oil supplies had always been a priority; after 1973, it became an obsession. The embargo elevated Saudi Arabia's status as a player in world politics and forced Washington to recognize the kingdom's strategic importance to our own economy. Furthermore, it encouraged US corporatocracy leaders to search desperately for methods to funnel petrodollars back to America, and to ponder the fact that the Saudi government lacked the administrative and institutional frameworks to properly manage its mushrooming wealth.

For Saudi Arabia, the additional oil income resulting from the price hikes was a mixed blessing. It filled the national coffers with billions of dollars; however, it also served to undermine some of the strict religious beliefs of the Wahhabis. Wealthy Saudis traveled around the world. They attended schools and universities in Europe and the United States. They bought fancy cars and furnished their houses with Western-style goods. Conservative religious beliefs were replaced by a new form of materialism—and it was this materialism that presented a solution to fears of future oil crises.

Almost immediately after the embargo ended, Washington began negotiating with the Saudis, offering them technical support, military hardware and training, and modern business management and investment approaches, in exchange for petrodollars and, most importantly, assurances that there would never again be another oil embargo. The negotiations resulted in the creation of a most extraordinary organization, the United States–Saudi Arabian Joint Economic Commission. Known as JECOR, it embodied an innovative concept that was the opposite of traditional foreign aid programs: it relied on Saudi money to hire American firms to build up Saudi Arabia.

Although overall management and fiscal responsibility were delegated to the US Department of the Treasury, this commission was independent to the extreme. Ultimately, it would spend billions of dollars over a period of more than twenty-five years, with virtually no congressional oversight. Because no US funding was involved, Congress had no authority in the matter, despite Treasury's role. After studying JECOR extensively, David Holden and Richard Johns conclude, "It was the most far-reaching agreement of its kind ever concluded by the U.S. with a developing country. It had the potential to entrench the U.S. deeply in the Kingdom, fortifying the concept of mutual interdependence."[3]

The Department of the Treasury brought MAIN in at an early stage to serve as an adviser. I was summoned and told that my job would be critical, and that everything I did and learned should be considered highly confidential. From my vantage point, it seemed like a clandestine operation. At the time, I was led to believe that MAIN was the lead consultant in that process; I subsequently came to realize that we were one of several consultants whose expertise was sought.

Since everything was done in the greatest secrecy, I was not privy to Treasury's discussions with other consultants, and I therefore cannot be certain about the importance of my role in this precedent-setting deal. I do know that the arrangement established new standards for EHMs and that it launched innovative alternatives to the traditional approaches for advancing the interests of empire. I also know that most of the scenarios that evolved from my studies were ultimately implemented, that MAIN was rewarded with one of the first major—and extremely profitable—contracts in Saudi Arabia, and that I received a large bonus that year.

My job was to develop forecasts of what might happen in Saudi Arabia if vast amounts of money were invested in its infrastructure, and to map out scenarios for spending that money. In short, I was asked to apply as much creativity as I could to justifying the infusion of hundreds of millions of dollars into the Saudi Arabian economy, under conditions that would include US engineering and construction companies. I was told to do this on my own, not to rely on my staff, and I was sequestered in a small conference room several floors above the one where my department was located. I was warned that my job was both a matter of national security and potentially very lucrative for MAIN.

I understood, of course, that the primary objective here was not the usual —this wealthy and politically powerful country did not need loans—but rather to find ways that would ensure that a large portion of petrodollars found their way back to the United States. In the process, Saudi Arabia would be drawn in, its economy would become increasingly intertwined with and dependent upon ours, and presumably it would grow more Westernized and therefore more sympathetic with and integrated into our system.

Once I got started, I realized that the goats wandering the streets of Riyadh were the symbolic key; they were a sore point among Saudis jet-setting around the world. Those goats begged to be replaced by something more appropriate for this desert kingdom that craved entry into the modern world. I also knew that OPEC economists were stressing the need for oil-rich countries to obtain more value-added products from their petroleum. Rather than simply exporting crude oil, the economists were urging these countries to develop industries of their own, to use this oil to produce petroleum-based products they could sell to the rest of the world at a higher price than that brought by the crude itself.

This twin realization opened the door to a strategy I felt certain would be a win for everyone. The goats, of course, were merely an entry point. Oil revenues could be employed to hire US companies to replace the goats with the world's most modern garbage collection and disposal system, and the Saudis could take great pride in this state-of-the-art technology.

I came to think of the goats as one side of an equation that could be applied to most of the kingdom's economic sectors, a formula for success in the eyes of the royal family, the US Department of the Treasury, and my bosses at MAIN. Under this formula, money would be earmarked to create an industrial sector focused on transforming raw petroleum into finished products for export. Large petrochemical complexes would rise from the desert, and around them, huge industrial parks. Naturally, such a plan would also require the construction of thousands of megawatts of electrical generating capacity, transmission and distribution lines, highways, pipelines, communications networks, and transportation systems, including new airports, improved seaports, a vast array of service industries, and the infrastructure essential to keep all these cogs turning.

We all had high expectations that this plan would evolve into a model of how things should be done in the rest of the world. Globe-trotting Saudis

would sing our praises; they would invite leaders from many countries to come to Saudi Arabia and witness the miracles we had accomplished; those leaders would then call on us to help them devise similar plans for their countries and—in most cases, for countries outside the ring of OPEC—would arrange World Bank or other debt-ridden methods for financing them. The global empire would be well served.

As I worked through these ideas, I thought of the goats, and the words of my driver often echoed in my ears: "No self-respecting Saudi would ever collect trash." I had heard that refrain repeatedly, in many different contexts. It was obvious that the Saudis had no intention of putting their own people to work at menial tasks, whether as laborers in industrial facilities or in the actual construction of any of the projects. In the first place, there were too few of them. In addition, the royal House of Saud had indicated a commitment to providing its citizens with a level of education and a lifestyle that were inconsistent with those of manual laborers. The Saudis might manage others, but they had no desire or motivation to become factory and construction workers. Therefore, it would be necessary to import a labor force from other countries—countries where labor was cheap and where people needed work. If possible, the labor should come from other Middle Eastern or Islamic countries, such as Egypt, Palestine, Pakistan, and Yemen.

This prospect created an even greater new stratagem for development opportunities. Mammoth housing complexes would have to be constructed for these laborers, as would shopping malls, hospitals, fire and police department facilities, water and sewage treatment plants, electrical, communications, and transportation networks—in fact, the end result would be to create modern cities where once only deserts had existed. Here, too, was the opportunity to explore emerging technologies in, for example, desalinization plants, microwave systems, health care complexes, and computer technologies.

Saudi Arabia was a planner's dream come true, and also a fantasy realized for anyone associated with the engineering and construction business. It presented an economic opportunity unrivaled by any other in history: an underdeveloped country with virtually unlimited financial resources and a desire to enter the modern age in a big way, very quickly.

I must admit that I enjoyed this job immensely. There was no solid data available in Saudi Arabia, in the Boston Public Library, or anywhere else

that justified the use of econometric models in this context. In fact, the magnitude of the job—the total and immediate transformation of an entire nation on a scale never before witnessed—meant that even had historical data existed, it would have been irrelevant.

Nor was anyone expecting this type of quantitative analysis, at least not at this stage of the game. I simply put my imagination to work and wrote reports that envisioned a glorious future for the kingdom. I had rule-of-thumb numbers I could use to estimate such things as the approximate cost to produce a megawatt of electricity, a mile of road, or adequate water, sewage, housing, food, and public services for one laborer. I was not supposed to refine these estimates or to draw final conclusions. My job was simply to describe a series of plans (more accurately, perhaps, "visions") of what might be possible, and to arrive at rough estimates of the costs associated with them.

I always kept in mind the true objectives: maximizing payouts to US firms and making Saudi Arabia increasingly dependent on the United States. It did not take long to realize how closely the two went together; almost all the newly developed projects would require continual upgrading and servicing, and they were so highly technical as to ensure that the companies that originally developed them would have to maintain and modernize them. In fact, as I moved forward with my work, I began to assemble two lists for each of the projects I envisioned: one for the types of design-and-construction contracts we could expect, and another for long-term service and management agreements. MAIN, Bechtel, Brown & Root, Halliburton, Stone & Webster, and many other US engineers and contractors would profit handsomely for decades to come.

Beyond the purely economic, there was another twist that would render Saudi Arabia dependent on us, though in a very different way. The modernization of this oil-rich kingdom would trigger adverse reactions. For instance, conservative Muslims would be furious; Israel and other neighboring countries would feel threatened. The economic development of this nation was likely to spawn the growth of another industry: protecting the Arabian Peninsula. Private companies specializing in such activities, as well as the US military and defense industry, could expect generous contracts—and, once again, long-term service and management agreements. Their presence would require another phase of engineering and construction

projects, including airports, missile sites, personnel bases, and all of the infrastructure associated with such facilities.

I sent my reports in sealed envelopes through interoffice mail, addressed to "Treasury Department Project Manager." I occasionally met with a couple of other members of our team—vice presidents at MAIN and my superiors. Since we had no official name for this project, which was still in the research and development phase and was not yet part of JECOR, we referred to it only—and with hushed voices—as SAMA. Ostensibly, this stood for Saudi Arabian Money-Laundering Affair, but it was also a tongue-in-cheek play on words; the kingdom's central bank was called the Saudi Arabian Monetary Agency, or SAMA.

Sometimes a Treasury representative would join us. I asked few questions during these meetings. Mainly, I just described my work, responded to their comments, and agreed to try to do whatever was asked of me. The vice presidents and Treasury representatives were especially impressed with my ideas about the long-term service and management agreements. It prompted one of the vice presidents to coin a phrase we often used after that, referring to the kingdom as "the cow we can milk until the sun sets on our retirement." For me, that phrase always conjured images of goats rather than cows.

It was during those meetings that I came to realize that several of our competitors were involved in similar tasks, and that in the end we all expected to be awarded lucrative contracts as a result of our efforts. I assumed that MAIN and the other firms were footing the bill for this preliminary work, taking a short-term risk in order to throw our hats into the ring. This assumption was reinforced by the fact that the number I charged my time to on our daily personal time sheets appeared to be a general and administrative overhead account. Such an approach was typical of the research and development/proposal preparation phase of most projects. In this case, the initial investment certainly far exceeded the norm, but those vice presidents seemed extremely confident about the payback.

Despite the knowledge that our competitors were also involved, we all assumed that there was enough work to go around. I also had been in the business long enough to believe that the rewards bestowed would reflect the level of Treasury's acceptance of the work we had done, and that those consultants who came up with the approaches that were finally implemented would receive the choicest contracts. I took it as a personal

challenge to create scenarios that would make it to the design-and-construct stage. My star was already rising rapidly at MAIN. Being a key player in SAMA would guarantee its acceleration, if we were successful.

During our meetings, we also openly discussed the likelihood that SAMA and the entire JECOR operation would set new precedents. It represented an innovative approach to creating lucrative work in countries that did not need to incur debts through the international banks. Iran and Iraq came immediately to mind as two additional examples of such countries. Moreover, given human nature, we felt that the leaders of such countries would likely be motivated to try to emulate Saudi Arabia. There seemed little doubt that the 1973 oil embargo—which had initially appeared to be so negative—would end up offering many unexpected gifts to the engineering and construction business, and would help to further pave the road to global empire.

I worked on that visionary phase for about eight months—although never for more than several intense days at a time—sequestered in my private conference room or in my apartment overlooking Boston Common. My staff all had other assignments and pretty much took care of themselves, although I checked in on them periodically. Over time, the secrecy around our work declined. More people became aware that something big involving Saudi Arabia was going on. Excitement swelled, rumors swirled. The vice presidents and Treasury representatives grew more open—in part, I believe, because they themselves became privy to more information as details about the ingenious scheme emerged.

Under this evolving plan, Washington wanted the Saudis to guarantee to maintain oil supplies and prices at levels that could fluctuate but would always remain acceptable to the United States and our allies. If other countries such as Iran, Iraq, Indonesia, or Venezuela threatened embargoes, Saudi Arabia, with its vast petroleum supplies, would step in to fill the gap; simply the knowledge that they might do so would, in the long run, discourage other countries from even considering an embargo. In exchange for this guarantee, Washington would offer the House of Saud an amazingly attractive deal: a commitment to provide total and unequivocal US political and—if necessary—military support, thereby ensuring their continued existence as the rulers of their country.

It was a deal the House of Saud could hardly refuse, given its geographic location, lack of military might, and general vulnerability to neighbors like

Iran, Syria, Iraq, and Israel. Naturally, therefore, Washington used its advantage to impose one other critical condition, a condition that redefined the role of EHMs in the world and served as a model we would later attempt to apply in other countries, most notably in Iraq. In retrospect, I sometimes find it difficult to understand how Saudi Arabia could have accepted this condition. Certainly, most of the rest of the Arab world, OPEC, and other Islamic countries were appalled when they discovered the terms of the deal and the manner in which the royal house capitulated to Washington's demands.

The condition was that Saudi Arabia would use its petrodollars to purchase US government securities; in turn, the interest earned by these securities would be spent by the US Department of the Treasury in ways that enabled Saudi Arabia to emerge from an outmoded society into the modern, industrialized world. In other words, the interest compounding on billions of dollars of the kingdom's oil income would be used to pay US companies to fulfill the vision I (and presumably some of my competitors) had come up with, to convert Saudi Arabia into a modern industrial power. Our own Department of the Treasury would hire us, at Saudi expense, to build infrastructure projects and even entire cities throughout the Arabian Peninsula.

Although the Saudis reserved the right to provide input regarding the general nature of these projects, the reality was that an elite corps of foreigners (mostly infidels, in the eyes of Muslims) would determine the future appearance and economic makeup of the Arabian Peninsula. And this would occur in a kingdom founded on conservative Wahhabi principles and run according to those principles for several centuries. It seemed a huge leap of faith on their part, yet under the circumstances, and due to the political and military pressures undoubtedly brought to bear by Washington, I suspected the Saud family felt they had few alternatives.

From our perspective, the prospects for immense profits seemed limitless. It was a sweetheart deal with potential to set an amazing precedent. And to make the deal even sweeter, no one had to obtain congressional approval—a process loathed by corporations, particularly privately owned ones like Bechtel and MAIN, which prefer not to open their books or share their secrets with anyone. Thomas W. Lippman, an adjunct scholar at the Middle East Institute and a former journalist, eloquently summarizes the salient points of this deal:

The Saudis, rolling in cash, would deliver hundreds of millions of dollars to Treasury, which held on to the funds until they were needed to pay vendors or employees. This system assured that the Saudi money would be recycled back into the American economy. . . . It also ensured that the commission's managers could undertake whatever projects they and the Saudis agreed were useful without having to justify them to Congress.[4]

Establishing the parameters for this historic undertaking took less time than anyone could have imagined. After that, however, we had to figure out a way to implement it. To set the process in motion, someone at the highest level of government was dispatched to Saudi Arabia—an extremely confidential mission. I never knew for sure, but I believe the envoy was Henry Kissinger.

Whoever the envoy was, his first job was to remind the royal family about what had happened in neighboring Iran when Mossadegh tried to oust British petroleum interests. Next, he would outline a plan that would be too attractive for them to turn down, in effect conveying to the Saudis that they had few alternatives. I have no doubt that they were left with the distinct impression that they could either accept our offer and thus gain assurances that we would support and protect them as rulers, or they could refuse—and go the way of Mossadegh. When the envoy returned to Washington, he brought with him the message that the Saudis would like to comply.

There was just one slight obstacle. We would have to convince key players in the Saudi government. This, we were informed, was a family matter. Saudi Arabia was not a democracy, and yet it seemed that within the House of Saud there was a need for consensus.

In 1975, I was assigned to one of those key players. I always thought of him as Prince W., although I never determined that he was actually a crown prince. My job was to persuade him that the Saudi Arabia Money-Laundering Affair would benefit his country as well as him personally.

This was not as easy as it appeared at first. Prince W. professed himself a good Wahhabi and insisted that he did not want to see his country follow in the footsteps of Western commercialism. He also claimed that he understood the insidious nature of what we were proposing. We had, he said, the same objectives as the crusaders a millennium earlier: the Christianization of the Arab world. In fact, he was partially right about this. In my opinion, the difference between the crusaders and us was a matter of degree. Europe's medieval Catholics claimed their goal was to save Muslims from purgatory; we claimed that we wanted to help the Saudis

modernize. In truth, I believe the crusaders, like the corporatocracy, were primarily seeking to expand their empire.

Religious beliefs aside, Prince W. had one weakness—for beautiful blonds. It seems almost ludicrous to mention what has now become an unfair stereotype, and I should mention that Prince W. was the only man among many Saudis I have known who had this proclivity, or at least the only one who was willing to let me see it. Yet it played a role in structuring this historic deal, and it demonstrates how far I would go to complete my mission.

18

Pimping, and Financing Osama bin Laden

From the start, Prince W. let me know that whenever he came to visit me in Boston he expected to be entertained by a woman of his liking, and that he expected her to perform more functions than those of a simple escort. But he most definitely did not want a professional call girl, someone he or his family members might bump into on the street or at a cocktail party. My meetings with Prince W. were held in secret, which made it easier for me to comply with his wishes.

"Sally" lived in the Boston area. I knew the prince would be attracted to her blond hair and blue eyes. Her husband, a United Airlines pilot who traveled a great deal both on and off the job, made little attempt to hide his infidelities. It seemed to me that Sally had a cavalier attitude about her husband's activities. She appreciated his salary, the plush Boston condo, and the benefits a pilot's spouse enjoyed in those days. She agreed to meet Prince W. on one condition: she insisted that the future of their relationship depended entirely upon his behavior and attitude toward her.

Fortunately for me, each met the other's criteria.

The Prince W.–Sally Affair, a subchapter of the Saudi Arabia Money-Laundering Affair, created its own set of problems for me. MAIN strictly prohibited its partners from doing anything illicit. From a legal standpoint, I was procuring sex—pimping—an illegal activity in Massachusetts, so I needed to find a way to pay for Sally's services. Luckily, the accounting department allowed me great liberties with my expense account. I was a good tipper, and I managed to persuade waiters in some of the poshest restaurants in Boston to provide me with blank receipts; it was an era when people, not computers, filled out receipts.

Prince W. grew bolder as time went by. Eventually, he wanted me to arrange for Sally to come and live in his private cottage in Saudi Arabia. This was not an unheard-of request in those days; there was an active trade in young women between certain European countries and the Middle East. These women were given contracts for some specified period of time, and when the contract expired they went home to very substantial bank accounts. Robert Baer, a case officer in the CIA's directorate of operations for twenty years, and a specialist in the Middle East, sums it up: "In the early 1970s, when the petrodollars started flooding in, enterprising Lebanese began smuggling hookers into the kingdom for the princes. . . . Since no one in the royal family knows how to balance a checkbook, the Lebanese became fabulously wealthy."[1]

I was familiar with this situation and even knew people who could arrange such contracts. However, for me, there were three major obstacles: Sally, the payment, and the fact that I was doing something illegal and morally reprehensible. I was certain Sally was not about to leave Boston and move to a desert mansion in the Middle East. It was also pretty obvious that no collection of blank restaurant receipts would cover this expense.

Prince W. took care of my financial concerns by assuring me that he expected to pay for his new mistress himself; I was only required to make the arrangements. It also gave me great relief when he went on to confide that the Saudi Arabian "Sally" did not have to be the exact same person as the one who had kept him company in the United States. I made calls to several friends who had Lebanese contacts in London and Amsterdam. Within a couple of weeks, a surrogate Sally signed a contract. Brokering the deal through people in England and Holland eased my worries around the legal issues. I tried to assuage my guilt by telling myself that everyone involved was a mature adult, making his or her own decision. Who was I to judge? Yet I understand now that my conscience struggled with the knowledge that I was part of a system that exploited women who had few options in life.

Prince W. was a complex person. Sally satisfied a corporeal desire, and my ability to help the prince in this regard earned me his trust. However, it by no means convinced him that SAMA was a strategy he wanted to recommend for his country. I had to work very hard to win my case. I spent many hours showing him statistics and helping him analyze studies we had undertaken for other countries, including the econometric models I had

developed for Kuwait while training with Claudine, during those first few months before heading to Indonesia. Eventually he relented.

I am not familiar with the details of what went on between my fellow EHMs and the other key Saudi players. All I know is that the entire package was finally approved by the royal family. MAIN was rewarded for its part with one of the first highly lucrative contracts, administered by the US Department of the Treasury. We were commissioned to make a complete survey of the country's disorganized and outmoded electrical system and to design a new one that would meet standards equivalent to those in the United States.

As usual, it was my job to send in the first team, to develop economic and electric load forecasts for each region of the country. Three of the men who worked for me—all experienced in international projects—were preparing to leave for Riyadh when word came down from our legal department that under the terms of the contract we were obligated to have a fully equipped office up and running in Riyadh within the next few weeks. This clause had apparently gone unnoticed for over a month. Our agreement with Treasury further stipulated that all equipment had to be manufactured either in the United States or in Saudi Arabia. Since Saudi Arabia did not have factories for producing such items, everything had to be sent from the States. To our chagrin, we discovered that long lines of tankers were queued up, waiting to get into ports on the Arabian Peninsula. It could take many months to get a shipment of supplies into the kingdom.

MAIN was not about to lose such a valuable contract over a couple of rooms of office furniture. At a conference of all the partners involved, we brainstormed for several hours. The solution we settled on was to charter a Boeing 747, fill it with supplies from Boston-area stores, and send it off to Saudi Arabia. I remember thinking that it would be fitting if the plane were owned by United Airlines and commanded by a certain pilot whose wife had played such a critical role in bringing the House of Saud around. (I would come to regret my sordid role in all this, but at the time I managed to justify it.)

The deal between the United States and Saudi Arabia transformed the kingdom practically overnight. The goats were replaced by two hundred bright yellow American trash compactor trucks, provided under a $200 million contract with Waste Management, Inc.[2] In similar fashion, every

sector of the Saudi economy was modernized, from agriculture and energy to education and communications. As Thomas Lippman observed in 2003:

> *Americans have reshaped a vast, bleak landscape of nomads' tents and farmers' mud huts in their own image, right down to Starbucks on the corner and the wheelchair-accessible ramps in the newest public buildings. Saudi Arabia today is a country of expressways, computers, air-conditioned malls filled with the same glossy shops found in prosperous American suburbs, elegant hotels, fast-food restaurants, satellite television, up-to-date hospitals, high-rise office towers, and amusement parks featuring whirling rides.*[3]

The plans we conceived in 1974 set a standard for future negotiations with oil-rich countries. In a way, SAMA/JECOR was the next plateau after the one Kermit Roosevelt had established in Iran. It introduced an innovative level of sophistication to the arsenal of political-economic weapons used by a new breed of soldiers for global empire.

The Saudi Arabia Money-Laundering Affair and the Joint Commission also set new precedents for international jurisprudence. This was very evident in the case of Idi Amin. When the notorious Ugandan dictator went into exile in 1979, he was given asylum in Saudi Arabia. Although he was considered a murderous despot responsible for the deaths of between one hundred thousand and three hundred thousand people, he retired to a life of luxury, complete with cars and domestic servants provided by the House of Saud. The United States quietly objected but refused to press the issue for fear of undermining its arrangement with the Saudis. Amin whiled away his last years fishing and taking strolls on the beach. In 2003, he died in Jiddah, succumbing to kidney failure at the age of eighty.[4]

More subtle and ultimately much more damaging was the role Saudi Arabia was allowed to play in financing international terrorism. The United States made no secret of its desire to have the House of Saud bank-roll Osama bin Laden's Afghan war against the Soviet Union during the 1980s, and Riyadh and Washington together contributed an estimated $3.5 billion to the mujahideen.[5] However, US and Saudi participation went far beyond this.

In late 2003, *U.S. News & World Report* conducted an exhaustive study titled "The Saudi Connection." The magazine reviewed thousands of pages of court records, US and foreign intelligence reports, and other documents, and interviewed dozens of government officials and experts on terrorism and the Middle East. Its findings include the following:

The evidence was indisputable: Saudi Arabia, America's longtime ally and the world's largest oil producer, had somehow become, as a senior Treasury Department official put it, "the epicenter" of terrorist financing. . . .

Starting in the late 1980s—after the dual shocks of the Iranian revolution and the Soviet war in Afghanistan—Saudi Arabia's quasi-official charities became the primary source of funds for the fast-growing jihad movement. In some 20 countries the money was used to run paramilitary training camps, purchase weapons, and recruit new members. . . .

Saudi largess encouraged U.S. officials to look the other way, some veteran intelligence officers say. Billions of dollars in contracts, grants, and salaries have gone to a broad range of former U.S. officials who had dealt with the Saudis: ambassadors, CIA station chiefs, even cabinet secretaries. . . .

Electronic intercepts of conversations implicated members of the royal family in backing not only Al Qaeda but also other terrorist groups.[6]

After the 2001 attacks on the World Trade Center and the Pentagon, more evidence emerged about the covert relationships between Washington and Riyadh. In October 2003, *Vanity Fair* magazine disclosed information that had not previously been made public, in an in-depth report titled "Saving the Saudis." The story that emerged about the relationship between the Bush family, the House of Saud, and the bin Laden family did not surprise me. I knew that those relationships went back at least to the time of the Saudi Arabian Money-Laundering Affair, which began in 1974, and to George H. W. Bush's terms as US ambassador to the United Nations (from 1971 to 1973) and then as head of the CIA (from 1976 to 1977). What surprised me was the fact that the truth had finally made the press. *Vanity Fair* concluded:

The Bush family and the House of Saud, the two most powerful dynasties in the world, have had close personal, business, and political ties for more than 20 years. . . .

In the private sector, the Saudis supported Harken Energy, a struggling oil company in which George W. Bush was an investor. Most recently, former president George H. W. Bush and his longtime ally, former Secretary of State James A. Baker III, have appeared before Saudis at fundraisers for the Carlyle Group, arguably the biggest private equity firm in the world. Today, former president Bush continues to serve as a senior adviser to the firm, whose investors allegedly include a Saudi accused of ties to terrorist support groups. . . .

Just days after 9/11, wealthy Saudi Arabians, including members of the bin Laden family, were whisked out of the U.S. on private jets. No one will admit to clearing the flights, and the passengers weren't questioned. Did the Bush family's long relationship with the Saudis help make it happen?[7]

PART IV

1975–1981

19

Panama Canal Negotiations

Saudi Arabia made many careers. Mine was already well on the way, but my successes in the desert kingdom certainly opened new doors for me. By 1977, I had built a small empire that included a staff of around twenty professionals headquartered in our Boston office, and a stable of consultants from MAIN's other departments and offices scattered across the globe. I had become the youngest partner in the firm's hundred-year history. In addition to my title of Chief Economist, I was named Manager of Economics and Regional Planning. I was lecturing at Harvard and other venues, and newspapers were soliciting articles from me about current events.[1] I owned a sailing yacht that was docked in Boston Harbor next to the historic battleship *Constitution*, "Old Ironsides," renowned for subduing the Barbary pirates not long after the Revolutionary War. I was being paid an excellent salary and I had equity that promised to elevate me to the rarified heights of millionaire well before I turned forty. True, my marriage had fallen apart, but I was spending time with women on several continents.

These benefits, as well as the memories of growing up the son of a teacher at a boarding school for the wealthy and my earlier feelings of inadequacy around women, hooked me to the job. I now understand that because of my skin color, gender, and nationality, I'd been granted opportunities that were unavailable to all but a very small percentage of human beings. I was self-absorbed and unwilling to see that people with my background are given undeserved and unearned privileges. For far too long, I took these privileges for granted.

I was soon presented with a new opportunity. My boss Bruno had come up with an idea for an innovative approach to forecasting: an econometric model based on the writings of a turn-of-the-century Russian mathematician. The model involved assigning subjective probabilities to predictions that certain specific sectors of an economy would grow. It

seemed an ideal tool to justify the inflated rates of increase we liked to show to obtain large loans, and Bruno asked me to see what I could do with the concept.

I brought a young MIT mathematician, Dr. Nadipuram Prasad, into my department and gave him a budget. Within six months he developed the Markov method for econometric modeling. Together we hammered out a series of technical papers that presented Markov as a revolutionary method for forecasting the impact of infrastructure investment on economic development.

It was exactly what we wanted: a tool that scientifically "proved" we were doing countries a favor by helping them incur debts they would never be able to pay off. In addition, only a highly skilled econometrician with lots of time and money could possibly comprehend the intricacies of Markov or question its conclusions. The papers were published by several prestigious organizations, and we formally presented them at conferences and universities in a number of countries. The papers—and we—became famous throughout the industry.[2]

During this period, Omar Torrijos and I continued to honor our secret agreement. I made sure our studies were honest and that our recommendations took into account the poor. Although I heard grumbling that my forecasts in Panama were not up to their usual inflated standards, and even that they smacked of Socialism, the fact was that MAIN kept winning contracts from the Torrijos government. These contracts included a first—to provide innovative master plans that involved agriculture along with the more traditional infrastructure sectors. I also watched from the sidelines as Torrijos and Jimmy Carter set out to renegotiate the Canal Treaty.

The Canal negotiations generated great interest and great passions around the world. People everywhere waited to see whether the United States would do what most of the rest of the world believed was the right thing—allow the Panamanians to take control—or would instead try to reestablish our global version of Manifest Destiny, which had been shaken by our Vietnam debacle. For many, it appeared that a reasonable and compassionate man had been elected to the US presidency at just the right time. However, the conservative bastions of Washington and the pulpits of the religious right rang with indignation. How could we give up this bulwark of national defense, this symbol of US ingenuity, this ribbon of

water that tied South America's fortunes to the whims of US commercial interests?

"Ford is a weak president who won't be reelected," Omar Torrijos predicted in 1975. He was speaking to a group of influential Panamanians. I was one of the few foreigners who had been invited to the elegant old club with its whirring ceiling fans. "That's the reason I decided to accelerate this Canal issue. It's a good time to launch an all-out political battle to win it back."

The speech inspired me. I returned to my hotel room and scratched out a letter that I eventually mailed to the *Boston Globe.* Back in Boston, an editor responded by calling me at my office to request that I write an Op-Ed piece. I knew that it was a risky thing to do, but I felt strongly about the Canal issue and, looking back, I see that it helped me deal with a growing sense of frustration over my job. Furthermore, I told myself that Torrijos would appreciate it and I might use it to help MAIN get more business in Panama.

"Colonialism in Panama Has No Place in 1975" took up nearly half the page opposite the editorials in the September 19, 1975, edition.

The article cited three specific reasons for transferring the Canal to Panama. First, "the present situation is unjust—a good reason for any decision." Second, "the existing treaty creates far graver security risks than would result from turning more control over to the Panamanians." I referenced a study conducted by the Interoceanic Canal Commission, which concluded that "traffic could be halted for two years by a bomb planted—conceivably by one man—in the side of Gatun Dam," a point General Torrijos himself had publicly emphasized. And third, "the present situation is creating serious problems for already-troubled United States–Latin American relations." I ended with the following:

> *The best way of assuring the continued and efficient operation of the Canal is to help Panamanians gain control over and responsibility for it. In so doing, we could take pride in initiating an action that would reaffirm commitments to the cause of self-determination to which we pledged ourselves 200 years ago. . . .*
>
> *Colonialism was in vogue at the turn of the century (early 1900s) as it had been in 1775. Perhaps ratification of such a treaty can be understood in the context of those times. Today it is without justification. Colonialism has no place in 1975. We, celebrating our bicentennial, should realize this, and act accordingly.*[3]

Writing that piece was a bold move on my part, especially since I had recently been made a partner at MAIN. Partners were expected to avoid the press and certainly to refrain from publishing political diatribes on the editorial pages of New England's most prestigious newspaper. I received through interoffice mail a pile of nasty, mostly anonymous notes stapled to copies of the article. I was certain that I recognized the handwriting on one as that of Charlie Illingworth. My first project manager had been at MAIN for over ten years (compared to less than five for me) and was not yet a partner. A fierce skull and crossbones figured prominently on the note, and its message was simple: "Is this Commie really a partner in our firm?"

Bruno summoned me to his office and said, "You'll get loads of grief over this. MAIN's a pretty conservative place. But I want you to know I think you're smart. Torrijos will love it; I do hope you're sending him a copy. Good. Well, these jokers here in this office, the ones who think Torrijos is a Socialist, really won't give a damn as long as the work flows in."

Bruno had been right—as usual. Now it was 1977, Carter was in the White House, and serious Canal negotiations were under way. Many of MAIN's competitors had taken the wrong side and had been turned out of Panama, but our work had multiplied.

Yet these developments raised a question for me, one that related to that day in 1972 when I sat across a coffee table from Torrijos. At the time, I had assumed he knew the foreign aid game was there to make him rich while shackling his country with debt. I had been sure he knew that the process anticipated that men in power are corruptible, and that his decision not to seek personal benefit—but rather to use foreign aid to truly help his people—would be seen as a threat that might eventually topple the entire system. The world was watching this man; his actions had ramifications that reached far beyond Panama and would therefore not be taken lightly.

I had wondered how the corporatocracy would react if loans made to Panama helped the poor without contributing to impossible debts. Now I wondered whether Torrijos regretted the deal he and I had struck that day—and I wasn't quite sure how I felt about those deals myself. I had stepped back from my EHM role. I had played his game instead of mine, accepting his insistence on honesty in exchange for more contracts. In purely economic terms, it had been a wise business decision for MAIN. Nonetheless, it had been inconsistent with what Claudine had instilled in

me; it was not advancing the global empire. Had it now unleashed the jackals?

I recalled thinking, when I left Torrijos's bungalow that day, that Latin American history is littered with dead heroes. A system based on corrupting public figures does not take kindly to public figures who refuse to be corrupted.

Then, later in 1977, Torrijos was successful in negotiating new treaties with President Carter that transferred the Canal Zone and the Canal itself over to Panamanian control. Then the White House had to convince the US Congress to ratify it. A long and arduous battle ensued. In the final tally, the Canal Treaty was ratified by a single vote. Conservatives swore revenge.

20

Iran's King of Kings

Between 1975 and 1978, I frequently visited Iran. Sometimes I commuted between Latin America or Indonesia and Tehran. The Shah of Shahs (literally, "King of Kings," his official title) presented a completely different situation from that in the other countries where we worked.

Iran was oil rich and, like Saudi Arabia, it did not need to incur debt to finance its ambitious list of projects. However, Iran differed significantly from Saudi Arabia in that its large population, while predominantly Middle Eastern and Muslim, was not Arabic. The people were also Shias, not Sunnis; most Iranian women did not wear veils. In addition, the country had a history of political turmoil—both internally and in its relationships with its neighbors. Therefore, we took a different approach: Washington and the business community joined forces to turn the shah into a symbol of progress.

We launched an immense effort to show the world what a strong, democratic friend of US corporate and political interests could accomplish. Never mind his obviously undemocratic title or the less obvious fact of the CIA-orchestrated coup against the democratically elected premier who preceded him; Washington and its European partners were determined to present the shah's government as an alternative to those in Iraq, Libya, China, Korea, and other nations where a powerful undercurrent of anti-Americanism was surfacing.

To all appearances, the shah was a progressive friend of the under-privileged. In 1963, he inaugurated his White Revolution, which involved an extensive agenda for socio-economic reforms. At the same time, Iran developed one of the most powerful military forces in the Muslim Middle East.[1]

MAIN was involved in projects that covered most of the country, from tourist areas along the Caspian Sea in the north to secret military installations overlooking the Straits of Hormuz in the south. The focus of our work was to design electrical systems to fuel military, industrial, and commercial growth—in addition to making big profits for MAIN and other US companies.

On the surface, Iran seemed to be a model example of Christian-Muslim cooperation. However, I soon learned that tranquil appearances may mask deep resentment.

Late one evening in 1977, I returned to my hotel room to find a note shoved under my door. I was shocked to discover that it was signed by a man named Yamin. I had never met him, but he had been described to me during a government briefing as a subversive radical. The note invited me to meet him at a designated restaurant. However, there was a warning: I was to come only if I was interested in exploring a side of Iran that most people "in [my] position" never saw.

My taxi dropped me off in front of a tiny gate in a high wall—so high that I could not see the building behind it. An Iranian woman ushered me in and led me down a corridor illuminated by ornate oil lamps hanging from a low ceiling. The walls were inlaid with semiprecious stones and mother-of-pearl. The restaurant was lighted by tall white candles protruding from intricately sculpted bronze chandeliers.

A tall man with long black hair, wearing a tailored navy-blue suit, approached and shook my hand. He introduced himself as Yamin, in an accent that suggested an education in a British school; he in no way looked like a subversive radical. He directed me past several tables where couples sat quietly eating, to a very private alcove; he assured me we could talk in complete confidentiality. I had the distinct impression that this restaurant catered to secret rendezvous. Ours, quite possibly, was the only non-amorous one that night.

During our discussion, it became obvious that Yamin thought of me merely as an economic consultant, not as someone with ulterior motives. He explained that he had singled me out because I had been a Peace Corps volunteer and he had been told that I took every opportunity to get to know his country and to mix with its people.

"You are very young compared to most in your profession," he said. "You have a genuine interest in our history and our current problems. You

represent our hope."

Yamin asked if I knew about the Flowering Desert project.[2] "The shah believes that our deserts were once fertile plains and lush forests. At least, that's what he claims. During Alexander the Great's reign, according to this theory, vast armies swept across these lands, traveling with millions of goats and sheep. The animals ate all the grass and other vegetation. It caused a drought, and eventually the entire region became a desert. Now all we must do, or so the shah says, is plant millions upon millions of trees. After that—presto—the rains will return, and the desert will bloom again. Of course, in the process we will have to spend hundreds of millions of dollars." He smiled condescendingly. "Companies like yours will reap huge profits."

"I take it you don't believe in this theory."

"The desert is a symbol. Turning it green is about much more than agriculture."

Several waiters descended upon us with trays of beautifully presented Iranian food.

"A question for you, Mr. Perkins, if I might be so bold. What destroyed the cultures of your own native peoples, the Indians?"

I responded that there had been many factors, including greed and superior weapons.

"Yes. All of that. But more than anything else, did it not come down to a destruction of the environment?" He went on to explain how once forests and animals such as the buffalo are destroyed, and once people are moved onto reservations, the very foundations of cultures collapse.

"You see, it is the same here," he said. "The Flowering Desert project threatens nothing less than the destruction of our entire fabric. How can we allow this to happen?"

I told him that it was my understanding that the whole idea behind the project came from his people. He responded with a cynical laugh, saying that the idea was planted in the shah's mind by my own United States government, of which the shah was just a puppet.

"A true Persian would never permit such a thing." Then he launched into a long dissertation about the relationship between his people—the Bedouins—and the desert. He emphasized that many urbanized Iranians vacation in the desert. They set up tents large enough for the entire family.

“We—my people—are part of the desert. The people the shah claims to rule with that iron hand of his are not just *of* the desert. We *are* the desert.”

He told me about his personal experiences in the desert. When the evening was over, he escorted me to my taxi that was waiting outside. He again mentioned my young age and my openness, and that my occupying such a position gave him hope for the future.

“I am so glad to have had this time with a man like you.” He continued to hold my hand in his. “I would request of you only one more favor. I do not ask this lightly. I do it only because, after our time together tonight, I know it will be meaningful to you. You’ll gain a great deal from it. I would like to introduce you to a dear friend of mine, a man who can tell you a great deal about our King of Kings. He may shock you, but I assure you that meeting him will be well worth your time.”

21

Confessions of a Tortured Man

Several days later, Yamin drove me out of Tehran, through a dusty and impoverished shantytown, along an old camel trail, and to the edge of the desert. With the sun setting behind the city, he stopped his car at a cluster of tiny mud shacks surrounded by palm trees.

"A very old oasis," he explained. He preceded me to one of the shacks. "The man inside has a PhD from one of your most prestigious universities. For reasons that will soon be clear, he must remain nameless. You can call him Doc."

He knocked on the wooden door, and there was a muffled response. Yamin pushed the door open and led me inside. The tiny room was windowless and lit only by an oil lamp on a low table in one corner. The shadowy outline of a man began to emerge. He was seated in front of the lamp in a way that kept his features hidden. I could tell only that he was bundled in blankets and was wearing something around his head. He sat in a wheelchair, and other than the table, this was the only piece of furniture in the room. Yamin motioned for me to sit on a carpet on the floor. He went up and gently embraced the man, speaking a few words in his ear, then returned and sat at my side.

"I've told you about Mr. Perkins," he said. "We're both honored to have this opportunity to visit with you, sir."

"Mr. Perkins. You are welcome." The voice, with barely any detectable accent, was low and hoarse. I found myself leaning forward into the small space between us as he said, "You see before you a broken man. I have not always been so. Once I was strong like you. I was a close and trusted adviser to the shah." There was a long pause. "The Shah of Shahs, King of Kings." His tone of voice sounded, I thought, more sad than angry.

“I personally knew many of the world’s leaders. Eisenhower, Nixon, de Gaulle. They trusted me to help lead this country into the capitalist camp. The shah trusted me and I trusted the shah. I was convinced that Iran would lead the Muslim world into a new epoch.”

The wheelchair turned slightly. I could see the outline of the man’s face in profile, his shaggy beard, and—then it grabbed me—the flatness. He had no nose! I shuddered and stifled a gasp.

“Not a pretty sight, ah, Mr. Perkins? Too bad you can’t see it in full light. It is truly grotesque. But as I’m sure you can appreciate, I must remain anonymous. Certainly, you could learn my identity if you tried, although you might find that I am dead. Officially, I no longer exist. Yet I trust you won’t try. You and your family are better off not knowing who I am. The arm of the shah and his spies at SAVAK reach far.”

The chair returned to its original position. I felt a sense of relief, as though not seeing the profile somehow obliterated the violence that had been done. At the time, I did not know of this custom among some Islamic cultures. Individuals deemed to have brought dishonor upon society or its leaders are punished by having their noses cut off. They are marked for life—as this man’s face clearly demonstrated.[1]

“I’m sure, Mr. Perkins, you’re wondering why we invited you here.” Without waiting for my response, he continued, “You see, this man who calls himself the King of Kings is in reality satanic. His father was deposed by your CIA with—I hate to say it—my help, because he was said to be a Nazi collaborator. And then there was the Mossadegh calamity. Today, our shah is on the route to surpassing Hitler in the realms of evil. He does this with the full knowledge and support of your government.”

“Why is that?” I asked.

“Quite simple. He is your only real ally in the Middle East, and the industrial world rotates on the axle of oil that is the Middle East. Oh, you have Israel, of course, but that’s actually a liability to you, not an asset. And no oil there. Your politicians must placate the Jewish vote, must get their money to finance campaigns. So, you’re stuck with Israel, I’m afraid. However, Iran is the key. Your oil companies need us. You need our shah—or you think you do, just as you thought you needed South Vietnam’s corrupt leaders.”

“Is Iran the equivalent of Vietnam?”[2]

“Potentially much worse. You see, this shah won’t last much longer. The Muslim world hates him. Not just the Arabs, but Muslims every-where—Indonesia, the United States, but mostly right here, his own Persian people.” There was a thumping sound and I realized that he had struck the side of his chair. “He is evil! We Persians hate him.” Then silence. I could hear only his heavy breathing, as though the exertion had exhausted him.

“Doc is very close to the mullahs,” Yamin said to me, his voice low and calm. “There is a huge undercurrent among the religious factions here and it pervades most of our country, except for a handful of people in the commercial classes who benefit from the shah’s capitalism.”

“I don’t doubt you,” I said. “But I must say that during four visits here, I’ve seen nothing of it. Everyone I talk with seems to love the shah, to appreciate the economic upsurge.”

“You don’t speak Farsi,” Yamin observed. “You hear only what is told to you by those men who benefit the most. The ones who have been educated in the States or in England end up working for the shah. Doc here is an exception—now.”

He paused, seeming to ponder his next words. “It’s the same with your press. They only talk with the few who are his kin, his circle. Of course, for the most part, your press is also controlled by oil. So they hear what they want to hear and write what their advertisers want to read.”

“Why are we telling you all this, Mr. Perkins?” Doc’s voice was even more hoarse than before. “Because we’d like to convince you to get out and persuade your company to stay away from our country. We want to warn you that although you may think you’ll make a great deal of money here, it’s an illusion. This government will not last. And when it goes, the one that replaces it will have no sympathy for you and your kind.”

“You’re saying we won’t be paid?”

Doc broke down in a fit of coughing. When it ended, he spoke to Yamin in Farsi.

“We must end this conversation,” Yamin said to me. “In answer to your question: yes, you will not be paid. You’ll do all that work, and when it comes time to collect your fees, the shah will be gone.”

During the drive back, I asked Yamin why he and Doc wanted to spare MAIN the financial disaster he had predicted.

“We’d be happy to see your company go bankrupt. However, we’d rather see you leave Iran. Just one company like yours, walking away, could start a trend. That’s what we’re hoping. You see, we don’t want a bloodbath here, but the shah must go, and we’ll try anything that will make that easier. So, we pray to Allah that you’ll convince your Mr. Zambotti to get out while there is still time.”

22

The Fall of a King

One evening in 1978, while I was sitting alone at the luxurious bar off the lobby of the Hotel InterContinental in Tehran, I felt a tap on my shoulder. I turned to see a heavyset Iranian in a business suit.

"John Perkins! You don't remember me?"

The former soccer player had gained a lot of weight, but the voice was unmistakable. It was my old Middlebury friend Farhad, whom I had not seen in more than a decade. We embraced and sat down together. It quickly became obvious that he knew all about me and about my work. It was equally obvious that he did not intend to share much about his own work. He told me that something "dangerous" was about to happen and that it was his responsibility to see to it I left the country. At that point I figured Farhad worked for the CIA or some other US agency.

"Let's get right to the point," he said. "I'm flying to Rome tomorrow. My parents live there. I have a ticket for you on my flight." He handed me an airline ticket. I did not doubt him for a moment. I had a job to do, but by now I figured part of that meant staying out of trouble—and alive.

In Rome, we dined with Farhad's parents. His father, the retired Iranian general who once stepped in front of a would-be assassin's bullet to save the shah's life, expressed disillusionment with his former boss. He said that during the past few years the shah had exhibited his true colors, his arrogance and greed. The general blamed US policy—particularly its backing of Israel, of corrupt leaders, and of despotic governments—for the hatred sweeping the Middle East, and he predicted that the shah would be gone within months.

"You know," he said, "you sowed the seeds of this rebellion in the early fifties, when you overthrew Mossadegh. You thought it very clever back then—as did I. But now it returns to haunt you—us."[1]

I was astounded by his pronouncements. I had heard something similar from Yamin and Doc, but coming from this man it took on new significance. By this time, everyone knew of the existence of a fundamentalist Islamic underground, but we had convinced ourselves that the shah was immensely popular among the majority of his people and was therefore politically invincible. The general, however, was adamant.

"Mark my words," he said solemnly, "the shah's fall will be only the beginning. It's a preview of where the Muslim world is headed. Our rage has smoldered beneath the sands too long. Soon it will erupt."

Over dinner, I heard a great deal about Ayatollah Ruhollah Khomeini. Farhad and his father made it clear that they did not support his fanatical Shiism, but they were obviously impressed by the inroads he had made against the shah. They told me that this cleric, whose given name translates to "inspired of God," was born into a family of dedicated Shiite scholars in a village near Tehran, in 1902.

Khomeini had made it a point not to become involved in the Mossadegh-shah struggles of the early 1950s, but he actively opposed the shah in the 1960s, criticizing the ruler so adamantly that he was banished to Turkey, then to the Shiite holy city of An Najaf in Iraq, where he became the acknowledged leader of the opposition. He sent out letters, articles, and tape-recorded messages urging Iranians to rise up, overthrow the shah, and create a clerical state.

Two days after that dinner with Farhad and his parents, news came from Iran of bombings and riots. Ayatollah Khomeini and the mullahs had begun the offensive that would soon give them control. After that, things happened fast. The rage Farhad's father had described exploded in a violent Islamic uprising. The shah fled his country for Egypt in January 1979, and then, diagnosed with cancer, headed for a New York hospital.

Followers of the Ayatollah Khomeini demanded his return. In November 1979, a militant Islamic mob seized the United States embassy in Tehran and held fifty-two American hostages for the next 444 days.[2] President Carter attempted to negotiate the release of the hostages. When this failed, he authorized a military rescue mission, launched in April 1980. It was a disaster, and it turned out to be the hammer that would drive the final nail into Carter's presidential coffin.

Tremendous pressure, exerted by US commercial and political groups, forced the cancer-ridden shah to leave the United States. From the day he

fled Tehran he had a difficult time finding sanctuary; all his former friends shunned him. However, General Torrijos exhibited his customary compassion and offered the shah asylum in Panama, despite a personal dislike of the shah's politics. The shah arrived and received sanctuary at the very same resort where the new Panama Canal Treaty had so recently been negotiated.

The mullahs demanded the shah's return in exchange for the hostages held in the US embassy. Those in Washington who had opposed the Canal Treaty accused Torrijos of corruption and collusion with the shah, and of endangering the lives of US citizens. They, too, demanded that the shah be turned over to Ayatollah Khomeini. Ironically, until only a few weeks earlier, many of these same people had been the shah's staunchest supporters. The once-proud King of Kings eventually returned to Egypt, where he died of cancer.

Doc's prediction came true. MAIN lost millions of dollars in Iran, as did many of our competitors. Carter lost his bid for reelection. The Reagan-Bush administration marched into Washington with promises to free the hostages, to bring down the mullahs, to return democracy to Iran, and to set straight the Panama Canal situation.

For me, the lessons were irrefutable. Iran illustrated beyond any doubt that the United States was a nation laboring to deny the truth of our role in the world. It seemed incomprehensible that we could have been so misinformed about the shah and the tide of hatred that had surged against him. Even those of us in companies like MAIN, which had offices and personnel in the country, had not known. It seemed likely that the NSA and CIA had seen what had been so obvious to Torrijos even as far back as my meeting with him in 1972, but for some reason I've never understood, our own intelligence community had intentionally encouraged us all to close our eyes.

23

Colombia:
Keystone of Latin America

While Saudi Arabia, Iran, and Panama offered disturbing studies, they also stood out as exceptions to the rule. Due to vast oil deposits in the first two and the Canal in the third, they did not fit the norm. Colombia's situation was more typical; MAIN was the designer and lead engineering firm on a vast hydroelectric-based electrical network there.

A Colombian college professor once told me that Teddy Roosevelt described Colombia as "the keystone to the arch of South America." On a map, Colombia—poised at the top of the continent—appears to hold the rest of the continent together. For nearly two centuries, the United States has viewed Colombia as a portal into the Southern Hemisphere for both business and politics.

The country is endowed with great natural beauty: spectacular palm-lined beaches, majestic mountains, pampas that rival the North American Great Plains, and vast rain forests rich in biodiversity. Colombia has played a crucial role in Latin American history. During the colonial period, it was the seat of the viceroy for all Spanish territories north of Peru and south of Costa Rica. The great fleets of gold galleons sailed from Cartagena to Spain. Many of the critical actions in the wars for independence occurred in Colombia.

In modern times, Colombia has produced some of Latin America's most brilliant writers, artists, and philosophers, as well as fiscally responsible and somewhat democratic governments. Unlike so many other countries, including powerful Brazil and Argentina, Colombia has the reputation of being a reliable US ally, despite the blemish of its drug cartels.[1]

The glories of Colombia's history, however, are counterbalanced by hatred and violence. The seat of the Spanish viceroy was also home to the

Inquisition. Magnificent forts, haciendas, and cities were constructed by enslaved Indians and Africans. Indigenous cultures were demolished by conquistador swords and diseases. More recently, revolutionaries, narcotraffickers, paramilitaries that oppose environmental and indigenous movements, high poverty rates, and the large gap between the few rich and the many poor have resulted in suffering and untold numbers of deaths.

Despite the negatives, Washington and Wall Street view Colombia as essential to the US economy. It is both a source of many products purchased in the United States—coffee, bananas, textiles, emeralds, flowers, oil, and cocaine—and a market for our goods and services.

One of our most important sales to Colombia during the late twentieth century was engineering and construction expertise. Colombia was typical of many places where I worked. It was relatively easy to demonstrate that the country could assume vast amounts of debt and then repay these debts from the benefits of the projects and the country's natural resources. Huge investments in electrical power grids, highways, and telecommunications that opened its vast gas and oil resources and its largely undeveloped Amazonian territories to exploitation would generate the income necessary to pay off the loans, plus interest.

That was the theory. However, the reality, consistent with our true intent around the world, was to subjugate Bogotá, to further the global empire. My job, as it had been in so many places, was to present the case for exceedingly large loans.

With the exception of the occasional bouts of guilt over my job, Colombia became a personal refuge for me. Ann and I had spent months there in the early 1970s, and had even made a down payment on a small coffee farm in the mountains along the Caribbean coast. However, the pain I had caused her over the preceding years went too deep. We grew further apart, and it was not until after our marriage ended that I became truly acquainted with the country.

I opened an office in the coastal city of Barranquilla and it was there, in 1977, that I met a Colombian woman who immediately attracted me and would become a powerful agent of change in my life.

Paula was a political activist with long blond hair and striking green eyes —not what most foreigners expect in a Colombian. Her mother and father had emigrated from northern Italy, and in keeping with her heritage, she became a fashion designer. She went a step further, however, and built a

small factory where her creations were transformed into clothes, which she then sold at upscale boutiques throughout the country, as well as in Panama and Venezuela. She was a deeply compassionate person who helped me get through some of the personal trauma of my broken marriage. She also taught me a great deal about the consequences of my job.

As I have said before, life is composed of a series of coincidences over which we have no control. For me, those included being raised in an all-male prep school in rural New Hampshire, meeting Ann and her Uncle Frank, the Vietnam War, and my relationship with Einar Greve. However, once presented with such coincidences, we face choices. How we respond, the actions we take, makes all the difference. For example, excelling at that school, marrying Ann, entering the Peace Corps, and choosing to become an economic hit man—all these decisions had brought me to my current place in life.

Paula was another coincidence, and her influence would lead me to change the course of my life. Until I met her, I often found myself questioning what I was doing, sometimes feeling guilty about it, yet I always discovered a way to rationalize conforming to the system. Perhaps Paula just happened along at the right time. It is possible that I would have taken the plunge anyway, that my experiences in Saudi Arabia, Iran, and Panama would have nudged me into action. But I am certain that even as one woman, Claudine, had been instrumental in persuading me to join the ranks of EHMs, another, Paula, was the catalyst I needed at that time. She convinced me to go deep inside myself and see that I would never be happy as long as I continued in that role.

24

American Republic versus Global Empire

"I'll be frank," Paula said one day, while we were sitting in a Barranquilla coffee shop. "The Indians and all the farmers who live along the river you're damming hate you. Even people in the cities, who aren't directly affected, sympathize with the guerrillas who've been attacking your construction camp. Your government calls these people Communists, terrorists, and narcotics traffickers, but the truth is they're just people with families who live on lands your company is destroying."

I had just told her about Manuel Torres. He was an engineer employed by MAIN and one of the men recently attacked by guerrillas at our Alto Sinu dam construction site. Manuel was a Colombian citizen who had a job because of a US Department of State rule prohibiting us from sending US citizens to that site. We referred to it as the Colombians are Expendable Doctrine (CED), and it symbolized a xenophobic, "privileged-American" attitude I had increasingly grown to hate. My feelings toward such policies were making it increasingly difficult for me to live with myself.

"According to Manuel, they fired AK-47s into the air and at his feet," I told Paula. "He sounded calm when he told me about it, but I know he was almost hysterical. They didn't shoot anyone. Just gave them that letter and sent them downriver in their boats. I asked him whether he thought they were FARC or M-19" (two of the most infamous Colombian guerrilla groups).

"And?"

"He said neither. But he told me that he believes what they said in that letter."

Paula picked up the newspaper I had brought and read the letter aloud.

"'We, who work every day just to survive, swear on the blood of our ancestors that we will never allow dams across our rivers. We are simple

Indians and mestizos, but we would rather die than stand by as our land is flooded. We warn our Colombian brothers: stop working for the construction companies.'" She set the paper down. "What did you say to him?"

"I had to toe the company line. I asked him if he thought that sounds like a letter a farmer would write."

She sat watching me, patiently.

"He just shrugged." Our eyes met. "Oh, Paula, I detest myself for playing this role."

"What did you do next?" she pressed.

"I slammed my fist on the desk. I intimidated him. I asked him whether farmers with AK-47s made any sense to him. Then I asked if he knew who invented the AK-47."

"Did he?"

"Yes, but I could hardly hear his answer. 'A Russian,' he whispered. I assured him that he was right, that the inventor had been a Communist named Kalashnikov, a highly decorated officer in the Red Army. I brought him around to understand that the people who wrote that note were Communists."

"Do you believe that?" she asked.

Her question stopped me. How could I answer, honestly? I recalled Iran and the time Yamin described me as a man caught between two worlds, a man in the middle. In some ways, I wished I had been in that camp when the guerrillas attacked, or that I was one of the guerrillas. An odd feeling crept over me, a sort of jealousy for Yamin and Doc and the Colombian rebels. These were men with convictions. They had chosen real worlds, not a no-man's territory somewhere between.

"I have a job to do," I said at last.

She smiled gently.

"I hate it," I continued. I thought about the men whose images had come to me so often over the years, Tom Paine and other Revolutionary War heroes, pirates, and frontiersmen. They stood at the edges, not in the middle. They had taken stands; although sometimes brutal and selfish, they lived with the consequences. "Every day I come to hate my job a little more."

She took my hand. "Your job?"

Our eyes met and held. I understood the implication. “Myself.”

She squeezed my hand and nodded slowly. I felt an immediate sense of relief, just admitting it.

“What will you do, John?”

I had no answer. The relief turned into defensiveness. I stammered out the standard justifications: that I was trying to do good, that I was exploring ways to change the system from within, and—the old standby—that if I quit, someone even worse would fill my shoes. But I could see from the way she watched me that she was not buying it. Even worse, I knew that I was not buying it either. She had forced me to understand the essential truth: it was not my job, but me, that was to blame.

“What about you?” I asked at last. “What do you believe?”

She gave a little sigh and released my hand, asking, “You trying to change the subject?”

I nodded.

“Okay,” she agreed. She picked up a spoon and appeared to examine it. “I know that some of the guerrillas have trained in Russia and China.” She lowered the spoon into her *café con leche*, stirred, and then slowly licked the spoon. “What else can they do? They need to learn about modern weapons and how to fight the soldiers who’ve gone through your schools. Sometimes they sell cocaine to raise money for supplies. How else can they buy guns? They’re up against terrible odds. Your World Bank doesn’t help them defend themselves. In fact, it forces them into this position.” She took a sip of coffee. “I believe their cause is just. The electricity will help only a few, the wealthiest Colombians, and thousands will die because the fish and water are poisoned, after you build that dam of yours.”

Hearing her speak so compassionately about the people who opposed us —me—caused my flesh to crawl. I found myself clawing at my forearms.

“How do you know so much about the guerrillas?” Even as I asked it, I had a sinking feeling, a premonition that I did not want to know the answer.

“I went to school with some of them,” she said. She hesitated, pushed her cup away. “My brother joined the movement.”

There it was. I felt absolutely deflated. I thought I knew all about her, but this . . . I had the fleeting image of a man coming home to find his wife in bed with another man.

“How come you never told me?”

“Seemed irrelevant. Why would I? It isn’t something I brag about.” She paused. “I haven’t seen him for two years. He must be very careful.”

“How do you know he’s alive?”

“I don’t, except recently the government put him on a wanted list. That’s a good sign.”

I felt a flash of irrational jealousy. “How did he become one of them?”

Fortunately, she kept her eyes on the coffee cup. “Demonstrating outside the offices of an oil company—Occidental, I think. He was protesting drilling on indigenous lands, in the forests of a tribe facing extinction—him and a couple dozen of his friends. They were attacked by the army, beaten, and thrown into prison—for doing nothing illegal, mind you, just standing outside that building waving placards and singing.” She glanced out a nearby window. “They kept him in jail for nearly six months. He never did tell us what happened there, but when he came out he was a different person.”

It was the first of many similar conversations with Paula, and I now know that these discussions set the stage for what was to follow. My soul was torn apart, yet I was still ruled by my wallet and by those other weaknesses the NSA had identified when they profiled me a decade earlier, in 1968. By forcing me to see this and to confront the deeper feelings behind my fascination with pirates and other rebels, Paula helped me along the trail toward salvation.

Beyond my own personal dilemmas, my times in Colombia also helped me comprehend the distinction between the ideals behind the old American republic and those of the new global empire.

The ideal side of the republic offered hope to the world. Its foundation seemed moral and philosophical rather than materialistic. It professed to be based on concepts of equality and justice for all. However, there was a dark side, which included denying non-landowners, women, and minorities the right to vote for more than a century and which still continued to erupt in racist violence, prejudicial politics, and police brutality. The old republic could open its arms to shelter the downtrodden, then force their children to work under slave-like conditions in its factories—and export such conditions to overseas sweatshops. It could be both an inspiration for peace and a military force; it could swing into action, as it had during World War II. Some of the hope resided in institutions—the big corporations, banks,

and government bureaucracies—that threatened the ideals; it was possible that they could be redirected to initiate fundamental change, to manifest the republic in its best form. At least in theory, such institutions possessed the communications networks and transportation systems necessary to end disease, starvation, and even wars—if only they could be convinced to take that course.

The global empire, on the other hand, refutes the republic's professed ideals. It is self-serving, greedy, and materialistic, a system based on mercantilism. Like empires before, its arms open only to accumulate resources, to grab everything in sight and stuff its insatiable maw. It will do whatever it takes to help its rulers gain more power and riches.

Of course, in learning to understand this distinction I also developed a clearer sense of my own role. Claudine had warned me. From the beginning, she had outlined what would be expected of me if I accepted the job MAIN offered. Yet it took the experience of working in countries like Indonesia, Panama, Iran, and Colombia for me to face the deeper implications. And it took the patience, love, and personal stories of a person like Paula.

I was loyal to the ideals of the American republic, but what we were perpetrating through this new, highly subtle form of imperialism was the financial equivalent of what we had attempted to accomplish militarily in Vietnam. If Southeast Asia had taught us that armies have limitations, the economists had responded by devising a better plan, and the foreign aid agencies and the private contractors who served them (or, more appropriately, were served by them) had become proficient at executing that plan. I often thought back to the day in Boston when Claudine told me that the entire EHM strategy is based on the four pillars of fear, debt, anxiety over insufficiency, and divide and conquer.

In countries on every continent, I saw how people working for US corporations—though not officially part of the EHM network—participated in something far more pernicious than anything envisioned in conspiracy theories. They would do whatever they thought or were told it would take to perpetuate the system we EHMs advocated. Like many of MAIN's engineers, these workers were blind to the consequences of their actions, convinced that the sweatshops and factories that made shoes and automotive parts for their companies were helping the poor climb out of poverty, instead of simply burying them deeper in a type of slavery

reminiscent of medieval manors and Southern plantations.[1] Like those earlier manifestations of exploitation, modern serfs or slaves were socialized into believing they were better off than the unfortunate souls who lived on the margins, in the dark hollows of Europe, in the jungles of Africa, or in the wilds of the American frontier.

The struggle over whether I should continue at MAIN or quit had become an open battlefield. There was no doubt that my conscience wanted out, but that other side—what I liked to think of as my business-school persona—was not so sure. My own empire kept expanding; I added employees, countries, and shares of stock to my various portfolios and to my ego. In addition to the seduction of the money and lifestyle, and the adrenaline high of power, I often recalled Claudine warning me that once I was in I could never get out.

I told Paula that Claudine had been right about a great many things.

"That was a long time ago," Paula said. "Lives change. Anyway, what difference does it make? You're not happy with yourself. What can anyone do to you to make things worse than that?"

It was a refrain Paula often came back to, and I eventually agreed. I admitted to her and to myself that it was growing more difficult to use the money, adventure, and glamour to justify the turmoil, guilt, and stress. As a MAIN partner, I was becoming wealthy, and I knew that if I stayed longer I would be permanently trapped.

One day, while we were strolling along the beach near the old Spanish fort at Cartagena, a place that had endured countless pirate attacks, Paula hit upon an approach that had not occurred to me. "What if you never say anything about the things you know?" she asked.

"You mean . . . just keep quiet? Don't expose what I know?"

"Exactly. Don't give them an excuse to come after you. In fact, give them every reason to leave you alone, to not muddy the water."

It made a great deal of sense—I wondered why it never occurred to me before. I would not write books or do anything else to expose the truth as I had come to see it. I would not be a crusader; instead, I would just concentrate on enjoying life, travel for pleasure, perhaps even marry again and start a family. I had had enough; I simply wanted out.

"Everything you've learned is a lie," Paula said. "Your life is a lie." She added, "Have you looked at your own résumé recently?"

I admitted that I had not.

“Do,” she advised. “I read the Spanish version the other day. If it’s anything like the English one, I think you’ll find it very interesting.”

25

The Deceptive Résumé

While I was in Colombia, word arrived that Jake Dauber had retired as MAIN's president. As expected, chairman and CEO Mac Hall appointed Bruno as Dauber's replacement. The phone lines between Boston and Barranquilla went crazy. Everyone predicted that I, too, would soon be promoted; after all, I was one of Bruno's most trusted protégés.

These changes and rumors were an added incentive for me to review my own position. While still in Colombia, I followed Paula's advice and read the Spanish version of my résumé. It shocked me. Back in Boston, I pulled out both the English original and a November 1978 copy of *Mainlines*, the corporate magazine; that edition featured me in an article titled "Specialists Offer MAIN's Clients New Services." (See pages 144 and 145.)

I once had taken great pride in that résumé and that article, and yet now, seeing them as Paula did, I felt a growing sense of anger. The material in these documents represented intentional deceptions. The basic facts were correct, but the important stories behind the facts were omitted. And these documents carried a deeper significance, a reality that reflected our times and reached to the core of our current march to global empire: they epitomized a strategy calculated to convey appearances, to shield an underlying reality. In a strange way, they symbolized the story of my life up to that point, a glossy veneer covering synthetic surfaces.

Of course, it did not give me any great comfort to know that I had to take much of the responsibility for what was included in my résumé. According to standard operating procedures, I was required to constantly update both a basic résumé and a file with pertinent backup information about clients served and the type of work done. If a marketing person or project manager wanted to include me in a proposal or to use my credentials in some other

way, he could massage this basic data in a manner that emphasized his particular needs.

For instance, he might choose to highlight my experience in the Middle East, or in making presentations before the World Bank and other multinational forums. Whenever this was done, that person was supposed to get my approval before actually publishing the revised résumé. However, because like many other MAIN employees I traveled a great deal, exceptions were frequently made. Thus, the résumé Paula suggested I look at and its English counterpart were completely new to me, although the information certainly was included in my file.

EXPERIENCE

John M. Perkins is Manager of the Economics Department of the Power and Environmental Systems Division.

Since joining MAIN, Mr. Perkins has been in charge of major projects in the United States, Asia, Latin America and the Middle East. This work has included development planning, economic forecasting, energy demand forecasting, marketing studies, plant siting, fuel allocation analysis, economic feasibility studies, environmental and economic impact studies, investment planning and management consulting. In addition, many projects have involved training clients in the use of techniques developed by Mr. Perkins and his staff.

Recently Mr. Perkins has been in charge of a project to design computer program packages for 1) projecting energy demand and quantifying the relationships between economic development and energy production, 2) evaluating environmental and socio-economic impacts of projects, and 3) applying Markov and econometric models to national and regional economic planning.

Prior to joining MAIN, Mr. Perkins spent three years in Ecuador conducting marketing studies and organizing and managing a construction materials company. He also conducted studies of the feasibility of organizing credit and savings cooperatives throughout Ecuador.

EDUCATION

Bachelor of Arts in Business Administration
Boston University
Post Graduate Studies:
Model Building, Engineering Economics, Econometrics, Probability Methods

LANGUAGES

English, Spanish

PROFESSIONAL AFFILIATIONS

American Economic Association
Society for International Development

PUBLICATIONS

"A Markov Process Applied to Forecasting the Demand for Electricity"
"A Macro Approach to Energy Forecasting"
"A Model for Describing the Direct and Indirect Interrelationships between the Economy and the Environment"
"Electric Energy from Interconnected Systems"
"Markov Method Applied to Planning"

JOHN M. PERKINS

CREDENTIALS

Forecasting Studies
Marketing Studies
Feasibility Studies
Site Selection Studies
Economic Impact Studies
Investment Planning
Fuel Supply Studies
Economic Development Planning
Training Programs
Project Management
Allocation Planning
Management Consulting

Clients served:

- Arabian-American Oil Company, Saudi Arabia
- Asian Development Bank
- Boise Cascade Corporation
- City Service Corporation
- Dayton Power & Light Company
- General Electric Company
- Government of Kuwait
- Instituto de Recursos Hidraulicos y Electrificacion, Panama
- Inter-American Development Bank
- International Bank for Reconstruction and Development
- Ministry of Energy, Iran
- New York Times
- Power Authority of the State of New York
- Perusahaan Umum Listrik Negara, Indonesia
- South Carolina Electric and Gas Company
- Technical Association of the Pulp and Paper Industry
- Union Camp Corporation
- U.S. Treasury Dept., Kingdom of Saudi Arabia

MAIN

Note: the International Bank for Reconstruction and Development is also known as the World Bank.

Specialists offer MAIN's clients new services

by Pauline Ouellette

Looking over the faces behind the desks, it's easy to tell that Economics and Regional Planning is one of the most recently formed and rapidly growing disciplines at MAIN. To date, there are about 20 specialists in this group, gathered over a seven-year period. These specialists include not only economists, but city planners, demographers, market specialists and MAIN's first sociologist.

While several people were influential in getting the economics group started, it basically came about through the efforts of one man, **John Perkins,** who is now head of the group.

Hired as an assistant to the head load forecaster in January, 1971, John was one of the few economists working for MAIN at the time. For his first assignment, he was sent as part of an 11-man team to do an electricity demand study in Indonesia.

"They wanted to see if I could survive there for three months," he said laughing reminiscently. But with his background, John had no trouble "surviving." He had just spent three years in Ecuador with a Construction Materials Co-op helping the Quechua Indians, direct descendants of the Incas. The Indians, John said, were being exploited in their work as brick makers so he was asked by an Ecuadorian agency to form a co-op. He then rented a truck to help them sell their bricks directly to the consumers. As a result, profits rapidly increased by 60%. The profits were divided among the members of the co-op which, after 2½ years, included 200 families.

It was during this time that John Perkins met **Einar Greve** (a former employee) who was working in the town of Paute, Ecuador, on a hydroelectric project for MAIN. The two became friendly and, through continual correspondence, John was offered a position with MAIN.

About a year later, John became the head load forecaster and, as the demands from clients and institutions such as the World Bank grew, he realized that more economists were needed at MAIN. "While MAIN is an engineering firm," he said, "the clients were telling us we had to be more than that." He hired more economists in 1973 to meet the clients' needs and, as a result, formed the discipline which brought him the title of Chief Economist.

John's latest project involves

Perkins

agricultural development in Panama from where he recently returned after a month's stay. It was in Panama that MAIN conducted its first sociological study through **Martha Hayes,** MAIN's first sociologist. Marti spent 1½ months in Panama to determine the impact of the project on people's lives and cultures. Specialists in agriculture and other related fields were also hired in conjunction with this study.

The expansion of Economics and Regional Planning has been fast paced, yet John feels he has been lucky in that each individual hired has been a hard working professional. As he spoke to me from across his desk, the interest and support he holds for his staff was evident and admirable.

Frank Fullerton participant in MIT program for executives

Frank M. Fullerton, Vice President and Division Manager of the Power Systems Division, is attending the MIT Sloan School of Management Program for Senior Executives.

The program is designed for senior level management and it seeks to develop in them a broad understanding of the major forces which will influence the future of a firm. Areas of study such as policy formulation, management information and decision systems, organization behavior and the business environment form the basic content of the program. Also included are specific seminars in marketing, finance, human resources management, system dynamics and corporate strategy.

The program is attended by 28 participants selected from applications received from all over the world. The group is staying at the MIT Endicott House in Dedham, Mass., and, except for one four-day weekend break, participants are expected to remain in residence.

During Mr. Fullerton's nine-week absence (Sept. 17 — Nov. 17), **Edward J. Fitzsimmons,** Chief Discipline Engineer of the Structural Department in the Pulp and Paper Division, is Acting Division Manager of the Power Systems Division.

At first glance, my résumé seemed innocent enough. Under Experience, it stated that I had been in charge of major projects in the United States,

Asia, Latin America, and the Middle East, and it provided a laundry list of the types of projects: development planning, economic forecasting, energy demand forecasting, and so on. This section ended by describing my Peace Corps work in Ecuador; however, it omitted any reference to the Peace Corps itself, leaving the impression that I had been the professional manager of a construction materials company, instead of a volunteer assisting a small cooperative composed of Andean brick makers from a remote village high in the Andes.

None of the statements in either document were outright lies; however, they conveyed a perception that I now found to be twisted and sanitized. And in a culture that worships official documents, they perpetrated something even more sinister. Outright lies can be refuted. Documents like these two were impossible to refute not only because they were based on glimmers of truth but also because they were produced by a corporation that had earned the trust of other corporations, international banks, and governments.

I kept returning to the last client listed in the résumé. Many readers might well ask: What is the connection between the US Department of the Treasury and Saudi Arabia? They'd never guess that this line had been included to tell those in the inner circle of the world where I operated that I'd been part of the team who crafted the deal that changed the course of world history but never reached the newspapers—a covenant that guaranteed continued oil for America, safeguarded both the dollar as the world currency and the rule of the House of Saud, profited US corporations, and assisted in the financing of Osama bin Laden. That single line said that MAIN's chief economist was a man who could deliver.

These two documents sat in the top drawer of my desk, and I returned to them frequently. Afterward, I sometimes found myself outside my office, wandering among the desks of my staff, feeling guilty about the role we all played in widening the gap between rich and poor. I thought about the people who starved each day while my staff and I slept in first-class hotels, ate at the finest restaurants, and built up our financial portfolios.

I had to admit that the people I trained had now joined the ranks of EHMs. But it had not been the same as when I joined. The world had shifted and what I'd later come to understand as the corporatocracy had progressed. We had gotten better at our jobs—or more pernicious. The people who worked for me were a different breed. There had been no NSA

polygraphs or Claudines in their lives. No one had spelled it out for them, what they were expected to do to carry on the mission of global empire. They had never heard the terms economic hit man or EHM. They simply had learned from my example and from my system of rewards and punishments. They knew that they were expected to produce the types of studies and results I wanted. Their salaries, Christmas bonuses—indeed, their very jobs—depended on pleasing me.

I, of course, had done everything I could to deceive them. I had written papers, given lectures, and taken every possible opportunity to convince them of the importance of optimistic forecasts, huge loans, infusions of capital that would spur GNP growth and make the rich much richer. Now these men and women who sat at desks outside my office overlooking Boston's Back Bay were going out into the world to advance the cause of empire. But, unlike me, they had been kept in the dark.

Many nights I lay awake, thinking, fretting about these things. Paula's reference to my résumé had opened a Pandora's box, and I often felt jealous of my employees for their naiveté. I had intentionally deceived them, and in so doing, had protected them from their own consciences. They did not have to struggle with the moral issues that haunted me.

I also thought a great deal about the idea of integrity in business, about appearances versus reality. I now understood that we had reached a new level of deception, one that convinced us to do whatever it takes to promote a corrupt system that widens the gap between rich and poor through those four pillars: fear, debt, anxiety over insufficiency, and divide and conquer. These elements formed the foundations of an EHM strategy that seemed more and more likely to lead to our own destruction—not only morally, but also physically, as a culture—unless we made significant changes soon.

I realized that all this was part of a system aimed at promoting a subtle form of imperialism, that every major international company had its own EHM equivalents. They fanned out from corporate headquarters in New York, San Francisco, London, Beijing, and Tokyo, across every continent, to convince corrupt politicians to allow their countries to be ensnared by the global corporate network, and to induce desperate people to sell their bodies to sweatshops and assembly lines.

It was disturbing to understand that the unspoken details behind the written words of both my résumé and the *Mainlines* article defined a world of smoke and mirrors intended to keep us all trapped in a morally repugnant

and ultimately self-destructive system. By getting me to read between the lines, Paula had nudged me to take one more step along a path that would ultimately transform my life.

26

Ecuador's President Battles Big Oil

My work in Colombia and Panama gave me many opportunities to stay in touch with and to visit the first country to be my home away from home. Ecuador had suffered under a long line of dictators and right-wing oligarchies manipulated by US political and commercial interests. In a way, the country was the quintessential banana republic, and corporate giants like Dole Food Company had made major inroads there.

The serious exploitation of oil in the Ecuadorian Amazon basin began in the late 1960s, and it resulted in a buying spree in which the small club of families who ran Ecuador played into the hands of the international banks. They saddled their country with huge amounts of debt, backed by the promise of oil revenues.[1] Roads and industrial parks, hydroelectric dams, transmission and distribution systems, and other power projects sprang up all over the country. International engineering and construction companies struck it rich—once again.

One man whose star was rising over this Andean country was the exception to the rule of political corruption and complicity with the corporatocracy. Jaime Roldós was a university professor and attorney in his late thirties whom I had met on several occasions. He was charismatic and charming. Once, I impetuously offered to fly to Quito and provide free consulting services any time he asked. I said it partially in jest, but also because I would gladly have done it on my own vacation time—I liked him and, as I was quick to tell him, was always looking for a good excuse to visit his country. He laughed and offered me a similar deal, saying that whenever I needed to negotiate my oil bill, I could call on him.

He had established a reputation as a populist, a person who believed strongly in the rights of the poor and in the responsibility of politicians to

use a country's natural resources prudently. When he began campaigning for the presidency in 1978, he captured the attention of his countrymen and of citizens in every nation where foreign interests exploited oil—or where people desired independence from the influences of powerful outside forces. Roldós was the rare modern politician who was not afraid to oppose the status quo. He went after the oil companies and the not-so-subtle system that supported them.

For instance, I heard that he accused the Summer Institute of Linguistics (SIL), an evangelical missionary group from the United States, of sinister collusion with the oil companies. I was familiar with SIL missionaries from my Peace Corps days. The organization had entered Ecuador, as it had so many other countries, with the professed goal of studying, recording, and translating indigenous languages.

SIL had been working extensively with the Huaorani people in the Amazon basin area, during the early years of oil exploration, when a pattern appeared to emerge. While it might have been a coincidence (and no link was ever proved), stories were told in many Amazonian communities that when seismologists reported to corporate headquarters that a certain region had characteristics indicating a high probability of oil beneath the surface, some SIL members went in and encouraged the indigenous people to move from that land onto missionary reservations where they would receive free food, shelter, clothes, medical treatment, and missionary-style education. The condition was that, according to these stories, they had to allow the oil companies onto their lands.

Rumors abounded that SIL missionaries used an assortment of underhanded techniques to persuade the people to abandon their homes and move to the missions. A frequently repeated story was that they had donated food heavily laced with laxatives, then offered medicines to cure the diarrhea epidemic. Throughout Huaorani territory, SIL, it was said, airdropped false-bottomed food baskets containing tiny radio transmitters; the rumor was that receivers at highly sophisticated communications stations, manned by US military personnel at the army base in Shell, tuned in to these transmitters. When a member of the community was bitten by a poisonous snake or became seriously ill, an SIL representative arrived with antivenom or the proper medicines—often in oil company helicopters. Although I've never substantiated these rumors, other stories have been told by SIL.

One of these is that during the early days of oil exploration, five missionaries were found dead with Huaorani spears protruding from their bodies. Some in Ecuador took this to be a message to keep missionaries out. But the killings had the opposite effect. Rachel Saint, the sister of one of the murdered men, toured the United States, appearing on national television to raise money and support for SIL, which she claimed was helping the "savages" become "civilized" and "educated."

According to some sources, SIL received funding from the Rockefeller charities. Family scion John D. Rockefeller had founded Standard Oil—which later divested into the majors, including Chevron, Exxon, and Mobil.[2]

Roldós struck me as a man who walked the path blazed by Torrijos. Both stood up to the world's strongest superpower. Torrijos wanted to take back the Canal, while Roldós's strongly nationalistic position on oil threatened the world's most influential companies. Like Torrijos, Roldós was not a Communist, but rather stood for the right of his country to determine its own destiny. And as they had with Torrijos, pundits predicted that big business and Washington would never tolerate Roldós as president, that if elected he would meet a fate similar to that of Guatemala's Arbenz or Chile's Allende.

It seemed to me that the two men together might spearhead a new movement in Latin American politics and that this movement might form the foundation of changes that could affect every nation on the planet. These men were not Castros or Gadhafis. They were not associated with Russia or China or, as in Allende's case, with the international Socialist movement. They were popular, intelligent, charismatic leaders who were pragmatic instead of dogmatic. They were nationalistic but not anti-American. If corporatocracy was built by three sectors—major corporations, international banks, and colluding governments—Roldós and Torrijos held out the possibility of removing the sector of government collusion.

A major part of the Roldós platform was what came to be known as the Hydrocarbons Policy. This policy was based on the premise that Ecuador's greatest potential resource was petroleum, and that all future exploitation of that resource should be done in a manner that would bring the greatest benefit to the largest percentage of the population. Roldós was a firm believer in the state's obligation to assist the poor and disenfranchised. He

expressed hope that the Hydrocarbons Policy could in fact be used as a vehicle for bringing about social reform. He had to walk a fine line, however, because he knew that in Ecuador—as in so many other countries—he could not be elected without the support of at least some of the most influential families, and that even if he should manage to win without them, he would never see his programs implemented without their support.

I was personally relieved that Carter was in the White House during this crucial time. Despite pressures from Texaco and other oil interests, Washington stayed pretty much out of the picture. I knew this would not have been the case under most other administrations—Republican or Democrat.

More than any other issue, I believe it was the Hydrocarbons Policy that convinced Ecuadorians to send Jaime Roldós to the Presidential Palace in Quito—their first democratically elected president after a long line of dictators. He outlined the basis of this policy in his August 10, 1979, inaugural address:

> *We must take effective measures to defend the energy resources of the nation. The State (must) maintain the diversification of its exports and not lose its economic independence. . . . Our decisions will be inspired solely by national interests and in the unrestricted defense of our sovereign rights.*[3]

Once in office, Roldós had to focus on Texaco, since by that time it had become the main player in the oil game. It was an extremely rocky relationship. The oil giant did not trust the new president and did not want to be part of any policy that would set new precedents. It was very aware that such policies might serve as models in other countries.

A speech delivered by a key adviser to Roldós, José Carvajal, summed up the new administration's attitude:

> *If a partner [Texaco] does not want to take risks, to make investments for exploration, or to exploit the areas of an oil concession, the other partner has the right to make those investments and then to take over as the owner. . . .*
>
> *We believe our relations with foreign companies have to be just; we have to be tough in the struggle; we have to be prepared for all kinds of pressures, but we should not display fear or an inferiority complex in negotiating with those foreigners.*[4]

On New Year's Day, 1980, I made a resolution. It was the beginning of a new decade. In twenty-eight days, I would turn thirty-five. I resolved that during the next year I would make a major change in my life and that in the

future I would try to model myself after modern heroes like Jaime Roldós and Omar Torrijos.

In addition, something shocking had happened months earlier. From a profitability standpoint, Bruno had been the most successful president in MAIN's history. Nonetheless, suddenly and without warning, Mac Hall had fired him.

27

I Quit

Mac Hall's firing of Bruno hit MAIN like an earthquake. It caused turmoil and dissension throughout the company. Bruno had his share of enemies, but even some of them were dismayed. To many employees it was obvious that the motive had been jealousy. During discussions across the lunch table or around the coffee wagon, people often confided that they thought Hall felt threatened by this man who was more than fifteen years his junior and who had taken the firm to new levels of profitability.

"Hall couldn't allow Bruno to go on looking so good," one man said. "He had to know that it was just a matter of time before Bruno would take over and the old man would be out to pasture."

As if to prove such theories, Hall appointed Paul Priddy as the new president. Paul had been a vice president at MAIN for years and was an amiable, nuts-and-bolts engineer. In my opinion, he was also lackluster, a yes-man who would bow to the chairman's whims and would never threaten him with stellar profits. My opinion was shared by many others.

For me, Bruno's departure was devastating. He had been a personal mentor and a key factor in our international work. Priddy, on the other hand, had focused on domestic jobs and knew little, if anything, about the true nature of our overseas roles. I had to question where the company would go from here. I called Bruno at his home and found him philosophical.

"Well, John, he knew he had no cause," he said of Hall, "so I demanded a very good severance package, and I got it. Mac controls a huge block of voting stock, and once he made his move, there was nothing I could do." Bruno indicated that he was considering several offers of high-level positions at multinational banks that had been our clients.

I asked him what he thought I should do.

“Keep your eyes open,” he advised. “Mac Hall has lost touch with reality, but no one will tell him so—especially not now, after what he did to me.”

In late March 1980, still smarting from the firing, I took a sailing vacation in the Virgin Islands. Although I did not think about it when I chose the location, I now know that the region’s history was a factor in helping me make a decision that would start to fulfill my New Year’s resolution.

As I sailed up Sir Frances Drake Channel, tacking back and forth into the wind, a wooden boat with a rainbow flag sailed toward me, its sails billowing out on both sides, downwinding through the channel. A half dozen young people, hippies in brightly colored sarongs, shouted and waved. It was obvious that they lived aboard—a communal society, modern pirates, free and uninhibited.

I felt a surge of jealousy. I wanted that sort of freedom. And then I understood. My resentment, my anger, was not about my parents and the advantages they did not give me compared to my prep school friends. I realized in that moment that my life was a gift from those parents I had so often disparaged. I owed my mom and dad a great deal for all they’d done to prepare and inspire me to wend my way down the path that had taken me to this moment. I also had to accept personal responsibility for all the mistakes I’d made. Blaming them, as I’d done so many times, was not just foolish and unfair; it was self-defeating.

Soon after that I entered Leinster Bay, nestled into St. John Island, a cove where pirate ships had lain in wait for the gold fleet. I nudged the anchor over the side; the chain rattled down into the crystal-clear water and the boat drifted to a stop.

After settling in, I rowed the dinghy ashore and beached it just below the ruins of an old sugar plantation. I sat there next to the water for a long time, trying not to think, concentrating on emptying myself of all emotion. But it did not work.

Late in the afternoon, I struggled up the steep hill and found myself standing on the crumbling walls of this ancient plantation, looking down at my anchored sloop. I watched the sun sink toward the Caribbean. It all seemed very idyllic, yet I knew that the plantation surrounding me had been the scene of untold misery. Hundreds of enslaved Africans had died here—forced at gunpoint to build the stately mansion, to plant and harvest the

cane, and to operate the equipment that turned raw sugar into the basic ingredient of rum. The tranquility of the place masked its history of brutality.

The sun disappeared behind a mountain-ridged island. A vast magenta arch spread across the sky. The sea began to darken, and I came face-to-face with the shocking fact that I, too, had been an enslaver, that my job at MAIN had not been just about using debt to draw poor countries into the global empire. My inflated forecasts were not merely vehicles for ensuring that when my country needed oil we could call in our pound of flesh, and my position as a partner was not simply about enhancing the firm's profitability. My job was also about people and their families, people akin to the ones who had died to construct the wall I sat on—people I had exploited.

For ten years, I had been the heir of those earlier slavers. Mine had been a more modern, subtler approach; I never had to see the dying bodies, smell the rotting flesh, or hear the screams of agony. But I, too, had committed sin, and because I could remove myself from it—because I could cut myself off from the personal aspects, the bodies, the flesh, and the screams—perhaps in the final analysis I was the greater sinner.

I turned away from the sea and the bay and the magenta sky. I closed my eyes to the walls built by enslaved people torn from their African homes. I tried to shut it all out. When I opened my eyes, I was staring at a large, gnarled stick, as thick as a baseball bat and twice as long. I leaped up, grabbed the stick, and began slamming it against the stone walls. I beat on those walls until I collapsed from exhaustion. I lay in the grass after that, watching the clouds drift over me.

Eventually I made my way back down to the dinghy. I stood there on the beach, looking out at that sailboat anchored in the azure waters, and I knew what I had to do. I had to take responsibility. I knew that if I ever went back to my former life, to MAIN and all it represented, I would be lost forever. The raises, the pensions, the insurance and perks, the equity. . . . The longer I stayed, the more difficult it was to get out. I could continue to beat myself up as I had beat on those stone walls, or I could escape.

Two days later I returned to Boston. On April 1, 1980, I walked into Paul Priddy's office and resigned.

PART V

1981–2004

28

Ecuador's Presidential Death

Leaving MAIN was no easy matter; Paul Priddy refused to believe me. "April Fool's," he winked.

I assured him that I was serious. Recalling Paula's advice that I should do nothing to antagonize anyone or to give cause for suspicion that I might expose my EHM work, I emphasized that I appreciated everything MAIN had done for me but that I needed to move on. I had always wanted to write about the people that MAIN had introduced me to around the world, but nothing political. I said I wanted to freelance for *National Geographic* and other magazines, and to continue to travel. I declared my loyalty to MAIN and swore that I would sing its praises at every opportunity. At the time, I believed everything I said. I simply wanted out. I wanted to stop being a slaver. Finally, Paul gave in.

After that, everyone else tried to talk me out of resigning. I was reminded frequently about how good I had it, and I was even accused of insanity. I came to understand that no one wanted to accept the fact that I was leaving voluntarily, at least in part, because it forced them to look at themselves. If I were not crazy for leaving, then they might have to consider their own sanity in staying. It was easier to see me as a person who had departed from his senses.

Particularly disturbing were the reactions of my staff. In their eyes, I was deserting them, and there was no strong heir apparent. However, I had made up my mind. After all those years of vacillation, I now was determined to make a clean sweep.

Unfortunately, it did not quite work out that way. True, I no longer had a job, but since I had been far from a fully vested partner, the cash-out of my stock was not sufficient for retirement. Had I stayed at MAIN another few years, I might have become the forty-year-old millionaire I had once

envisioned; however, at thirty-five I had a long way to go to accomplish that objective. It was a cold and dreary April in Boston.

Then one day Paul Priddy called and pleaded with me to come to his office. “One of our clients is threatening to drop us,” he said. “They hired us because they wanted you to represent them on the expert witness stand.”

I thought a lot about it. By the time I sat across the desk from Paul, I had made my decision. I named my price—a retainer that was more than three times what my MAIN salary had been. To my surprise, he agreed, and that started me on a new career.

For the next several years, I was employed as a highly paid expert witness—primarily for US electric utility companies seeking to have new power plants approved for construction by public utilities commissions. One of my clients was the Public Service Company of New Hampshire. My job was to justify, under oath, the economic feasibility of the highly controversial Seabrook nuclear power plant. At the beginning I believed that to be true.

Although I was no longer directly involved with Latin America, I continued to follow events there. As an expert witness, I had lots of time between appearances on the stand. I kept in touch with Paula and renewed old friendships from my Peace Corps days in Ecuador—a country that had suddenly jumped to center stage in the world of international oil politics.

Jaime Roldós was moving forward. He took his campaign promises seriously and he was launching an all-out attack on the oil companies. He seemed to see clearly the things that many others on both sides of the Panama Canal either missed or chose to ignore. He understood the underlying currents that threatened to turn the world into a global empire and to relegate the citizens of his country to a very minor role, bordering on servitude. As I read the newspaper articles about him, I was impressed not only by his commitment, but also by his ability to perceive the deeper issues. And the deeper issues pointed to the fact that we were entering a new epoch of world politics.

In November 1980, Carter lost the US presidential election to Ronald Reagan. The Panama Canal Treaty he had negotiated with Torrijos and the situation in Iran, especially the hostages held at the US embassy and the failed rescue attempt, were major factors. However, something subtler was also happening. A president whose greatest goal was world peace and who was dedicated to reducing US dependence on oil was replaced by a man

who believed that the United States' rightful place was at the top of a world pyramid held up by military muscle, and that controlling oil fields wherever they existed was part of our Manifest Destiny. A president who installed solar panels on the White House roof was replaced by one who, immediately upon occupying the Oval Office, had them removed.

Carter may have been an ineffective politician, but he had a vision for America that was consistent with the one defined in our Declaration of Independence. In retrospect, he now seems naively archaic, a throwback to the ideals that molded this nation and drew so many of our grandparents to its shores. When we compare him to his immediate predecessors and successors, Carter is an anomaly. His worldview was inconsistent with that of the EHMs.

Reagan, on the other hand, was most definitely a global empire builder, and a servant of the corporatocracy. At the time of his election, I found it fitting that he was a Hollywood actor, a man who had followed orders passed down from moguls, who knew how to take direction. That would be his signature. He would cater to the men who shuttled back and forth from corporate CEO offices to bank boards and into the halls of government. He would serve the men who appeared to serve him but who in fact ran the government—men like Vice President George H. W. Bush, Secretary of State George Shultz, Secretary of Defense Caspar Weinberger, Richard Cheney, Richard Helms, and Robert McNamara. He would advocate what those men wanted: an America that controlled the world and all its resources, a world that answered to the commands of that America, a US military that would enforce the rules as they were written by America, and an international trade and banking system that supported America as CEO of the global empire.

As I looked into the future, it seemed we were entering a period that would be very good to the EHMs. It was another twist of fate that I had chosen this moment in history to drop out. The more I reflected on it, however, the better I felt about it. I knew that my timing was right.

As for what this meant in the long term, I had no crystal ball; however, I knew from history that empires do not endure and that the pendulum always swings in both directions. From my perspective, men like Roldós offered hope. I was certain that Ecuador's new president understood many of the subtleties of the current situation. I knew that he had been a Torrijos admirer and had applauded Carter for his courageous stand on the Panama

Canal issue. I felt certain that Roldós would not falter. I could only hope that his fortitude would light a candle for the leaders of other countries, who needed the type of inspiration he and Torrijos could provide.

Early in 1981, the Roldós administration formally presented his new hydrocarbons law to the Ecuadorian congress. If implemented, it would reform the country's relationship to oil companies. By many standards, it was considered revolutionary and even radical. It certainly aimed to change the way business was conducted. Its influence would stretch far beyond Ecuador, into much of Latin America and throughout the world.[1]

The oil companies reacted predictably: they pulled out all the stops. Their public relations people went to work to vilify Jaime Roldós, and their lobbyists swept into Quito and Washington, briefcases full of threats and payoffs. They tried to paint the first democratically elected president of Ecuador in modern times as another Castro. But Roldós would not cave to intimidation. He responded by denouncing the conspiracy between politics and oil—and religion. Although he offered no tangible proof, he openly accused the Summer Institute of Linguistics of colluding with the oil companies and then, in an extremely bold move, he ordered SIL out of the country.[2]

Only weeks after sending his legislative package to his congress and a couple of days after expelling the SIL missionaries, Roldós warned all foreign interests, including but not limited to oil companies, that unless they implemented plans that would help Ecuador's people, they would be forced to leave his country. He delivered a major speech at the Atahualpa Olympic Stadium in Quito and then headed off to a small community in southern Ecuador.

He died there in a fiery airplane crash, on May 24, 1981.[3]

The world was shocked. Latin Americans were outraged. Newspapers throughout the hemisphere blazed "CIA Assassination!" In addition to the fact that Washington and the oil companies hated Roldós, many circumstances appeared to support these allegations, and such suspicions were heightened as more facts became known. Nothing was ever proven, but eyewitnesses claimed that Roldós, forewarned about an attempt on his life, had taken precautions, including traveling in two airplanes. At the last moment, it was said, one of his security officers had convinced him to board the decoy airplane. It had blown up.

Despite world reaction, the news hardly made the US press.

Osvaldo Hurtado took over as Ecuador's president. Under his administration, the Summer Institute of Linguistics continued working in Ecuador and SIL members were granted special visas. By the end of the year, he had launched an ambitious program to increase oil drilling by Texaco and other foreign companies in the Gulf of Guayaquil and the Amazon basin.[4]

Omar Torrijos, in eulogizing Roldós, referred to him as "brother." He also confessed to having nightmares about his own assassination; he saw himself dropping from the sky in a gigantic fireball. It was prophetic.

29

Panama:
Another Presidential Death

I was stunned by Roldós's death, but perhaps I should not have been. I was anything but naive. I knew about Arbenz, Mossadegh, Allende—and about many other people whose names never made the newspapers or history books but whose lives were destroyed and sometimes cut short because they stood up to the corporatocracy. Nevertheless, I was shocked. Just four months after Reagan's inauguration as US president, it seemed so very blatant.

I had concluded, after our phenomenal success in Saudi Arabia, that such wantonly overt actions were things of the past. I thought the jackals had been relegated to zoos. Now I saw that I was wrong. I had no doubt that Roldós's death had not been an accident. It had all the markings of a CIA-orchestrated assassination. I understood that it had been executed so blatantly as a way to send a strong message. The new Reagan administration, complete with its fast-draw Hollywood cowboy image, was the ideal vehicle for delivering such a message. The jackals were back, and they wanted Omar Torrijos and everyone else who might consider joining an anti-corporatocracy crusade to know it.

But Torrijos was not buckling. Like Roldós, he refused to be intimidated. He, too, expelled the Summer Institute of Linguistics, and he adamantly refused to give in to the Reagan administration's demands to renegotiate the Canal Treaty.

Two months after Roldós's death, Omar Torrijos's nightmare came true; he died in a plane crash. It was July 31, 1981.

Latin America and the world reeled. Torrijos was known across the globe; he was respected as the man who had forced the United States to relinquish the Panama Canal to its rightful owners, and who continued to

stand up to Ronald Reagan. He was a champion of human rights, the head of state who had opened his arms to refugees across the political spectrum, including the shah of Iran, and he was a charismatic voice for social justice who, many believed, would be nominated for the Nobel Peace Prize. Now he was dead. “CIA Assassination!” once again headlined articles and editorials.

People everywhere clamored for Washington to open investigations into CIA activities. However, this was not about to happen. There were men who hated Torrijos, and the list included people with immense power. Before his death, he was openly loathed by President Reagan, Vice President Bush, Secretary of Defense Weinberger, and the Joint Chiefs of Staff, as well as by the CEOs of many powerful corporations.

The Bechtel Group, Inc., was a prime example of the cozy relationship between private companies and the US government. I knew Bechtel well; we at MAIN often worked closely with the company, and its chief architect became a close friend. Bechtel was the most influential engineering and construction company in the United States. Its president and senior officers included George Shultz and Caspar Weinberger, who despised Torrijos because he brazenly courted a Japanese plan to replace Panama’s existing canal with a new, more efficient one.[1] Such a move not only would transfer ownership from the United States to Panama but also would exclude Bechtel from participating in the most exciting and potentially lucrative engineering project of the century.

Torrijos stood up to these men. Now he was dead, and would be replaced by a protégé, Manuel Noriega, a man who lacked Torrijos’s wit, charisma, and intelligence, and whom many suspected had no chance against the Reagans, Bushes, and Bechtels of the world.

Had Torrijos lived, he undoubtedly would have sought to quell the growing violence that has plagued so many Central, South American, and Caribbean nations. Based on his record, we can assume that he would have tried to work out an arrangement to mitigate international oil company destruction of the Amazon regions of Ecuador, Brazil, Colombia, and Peru. One result of such action would be the alleviation of the terrible conflicts that Washington refers to as terrorist and drug wars, but which Torrijos would have seen as actions by desperate and angry people, as well as corrupt politicians and law enforcement officials in the US and other countries. Most importantly, I feel certain that he would have served as a

role model for a new generation of leaders in the Americas, Africa, and Asia —something the CIA, the NSA, and the EHMs could not allow.

30

My Energy Company and George W. Bush

At the time of Torrijos's death, I had not seen Paula for several months. I was dating other women, including Winifred Grant, a young environmental planner I had met at MAIN, and whose father happened to be chief architect at Bechtel. Paula was dating a Colombian journalist, but we remained friends.

I struggled with my job as an expert witness, particularly in justifying the Seabrook nuclear power plant. It often seemed as though I had sold out again, slipping back into an old role simply for the sake of money. Winifred was an immense support to me during this period. She was an avowed environmentalist, yet she understood the practical necessities of providing ever-increasing amounts of electricity. She had grown up in the Berkeley area of San Francisco's East Bay and had graduated from UC Berkeley. She was a freethinker whose views on life contrasted with those of my puritanical parents and of Ann.

Our relationship developed. Winifred took a leave of absence from MAIN, and together we sailed my boat down the Atlantic coast toward Florida. We took our time, frequently leaving the boat in different ports so I could fly off to provide expert witness testimony. Eventually, we sailed into West Palm Beach, Florida, and rented an apartment. We married, and our daughter, Jessica, was born in May 1982. Ann and I had not had children together. I was thirty-six, considerably older than all the other men who hung out in Lamaze class.

Part of my job on the Seabrook case was to convince the New Hampshire Public Service Commission that nuclear power was the best and most economical choice for generating electricity in the state. Ironically, the longer I studied the issue, the more I began to doubt the validity of my own arguments. The literature was constantly changing at that time, reflecting a

growth in research, and the evidence increasingly indicated that many alternative forms of energy were technically superior, more economical, and much safer than nuclear power.

One day I informed my bosses at the New Hampshire utility company that I could no longer testify on their behalf. I gave up this very lucrative career and decided to create a company that would move some of the new technologies off the drawing boards and put the theories into practice.

Several months after Jessica's birth, I founded Independent Power Systems (IPS), a company whose mission included developing environmentally beneficial power plants and establishing models to inspire others to do likewise. It was a high-risk business, and most of our competitors eventually failed. However, "coincidences" came to our rescue. In fact, I was certain that many times when someone stepped in to help I was being rewarded for my past service and my commitment to silence.

Bruno Zambotti had accepted a high-level position at the Inter-American Development Bank. He agreed to serve on the IPS board and to help finance the fledgling company. We received backing from Bankers Trust, ESI Energy, Prudential Insurance Company, Chadbourne and Parke (a major Wall Street law firm in which former US senator, presidential candidate, and secretary of state Ed Muskie was a partner), and Riley Stoker Corporation (an engineering firm owned by Ashland Oil Company that designed and built highly sophisticated and innovative power plant boilers). We even had backing from the US Congress, which singled out IPS for exemption from a specific tax, giving us a distinct advantage over our competitors.

In 1986, IPS and Bechtel simultaneously—but independently of each other—began construction of power plants that used highly innovative, state-of-the-art technologies for burning waste coal without producing acid rain. At that time, people were much more concerned about acid rain (sulfur dioxide, nitrogen oxides, and particulate matter) than carbon emissions. By the end of the decade, these two plants had revolutionized the utility industry, directly contributing to new national antipollution laws by proving once and for all that many so-called waste products can be converted into electricity, and that coal can be burned without creating acid rain, thereby dispelling long-standing utility company claims to the contrary. Our plant also established that such unproven, state-of-the-art technologies could be financed by a small independent company, through Wall Street and other

conventional means.[1] As an added benefit, the IPS power plant sent vented heat to a three-and-a-half-acre hydroponic greenhouse, rather than into cooling ponds or cooling towers.

My role as IPS president gave me an inside track on the energy industry. I dealt with some of the most influential people in the business: lawyers, lobbyists, investment bankers, and high-level executives at the major firms. I also had the advantage of a father-in-law who had spent over thirty years at Bechtel, had risen to the position of chief architect, and now was in charge of building a city in Saudi Arabia—a direct result of the work I had done in the early 1970s, during the Saudi Arabian Money-Laundering Affair.

The energy industry was undergoing major restructuring. The big engineering firms were jockeying to take over—or at least to compete with—the utility companies that previously had enjoyed the privileges of local monopolies. Deregulation was the watchword of the day, and rules changed overnight. Opportunities abounded for ambitious people to take advantage of a situation that baffled the courts and Congress. Industry pundits dubbed it the "Wild West of Energy" era.

One casualty of this process was MAIN. As Bruno predicted, Mac Hall had lost touch with reality and no one dared tell him so. Paul Priddy never asserted control, and MAIN's management not only failed to take advantage of the changes sweeping the industry but also made a series of fatal mistakes. Only a few years after Bruno delivered record profits, MAIN dropped its EHM role and was in dire financial straits. The partners sold MAIN to one of the large engineering and construction firms that had played its cards right.

While I had received almost thirty dollars a share for my stock in 1980, the remaining partners settled for less than half that amount approximately four years later. Thus did one hundred years of "proud" service end in humiliation. I was sad for friends who had stayed, but felt vindicated that I had gotten out when I did. The MAIN name continued under the new ownership for a while, but then it was dropped. The logo that had once carried such weight in countries around the globe fell into oblivion.

For those of us interested in oil and the international scene, there was another frequently discussed topic: the vice president's son, George W. Bush. His first energy company, Arbusto (Spanish for *bush*), was a failure that ultimately was rescued through a 1984 merger with Spectrum 7. Then

Spectrum 7 found itself poised at the brink of bankruptcy, and was purchased, in 1986, by Harken Energy Corporation. G. W. Bush was retained as a board member and consultant with an annual salary of $120,000 (about $315,000 in 2022 dollars!).[2]

We all assumed that having a father who was the US vice president factored into this hiring decision, since the younger Bush's record of accomplishment as an oil executive certainly did not warrant it. It also seemed no coincidence that Harken took this opportunity to branch out into the international field for the first time in its corporate history, and to begin actively searching for oil investments in the Middle East. *Vanity Fair* magazine reported, "Once Bush took his seat on the board, wonderful things started to happen to Harken—new investments, unexpected sources of financing, serendipitous drilling rights."[3]

In 1989, Amoco was negotiating with the government of Bahrain for offshore drilling rights. Then Vice President Bush was elected president. Shortly thereafter, Michael Ameen—a State Department consultant assigned to brief the newly confirmed US ambassador to Bahrain, Charles Hostler—arranged for meetings between the Bahraini government and Harken Energy. Suddenly, Amoco was replaced by Harken. Although Harken had not previously drilled outside the southeastern United States, and never offshore, it won exclusive drilling rights in Bahrain, something previously unheard of in the Arab world. Within a few weeks, the price of Harken Energy stock increased by over 20 percent, from $4.50 to $5.50 per share.[4]

Even seasoned energy people were shocked by what had happened in Bahrain. "I hope G. W. isn't up to something his father will pay for," said a lawyer friend of mine who specialized in the energy industry and was a major supporter of the Republican Party. We were enjoying cocktails at a bar around the corner from Wall Street, high atop the World Trade Center. He expressed dismay. "I wonder if it's really worth it," he continued, shaking his head sadly. "Is the son's career worth risking the presidency?"

I was less surprised than my peers, but I suppose I had a unique perspective. I had worked for the governments of Kuwait, Saudi Arabia, Egypt, and Iran; I was familiar with Middle Eastern politics; and I knew that Bush was part of the network I and my EHM colleagues had created—they were the feudal lords and plantation masters.[5]

31

I Take a Bribe

During this time in my life, I came to realize that we truly had entered a new era in world economics. Events set in motion while Robert McNamara—the man who had served as one of my models—reigned as secretary of defense and president of the World Bank had escalated beyond my gravest fears. McNamara's Keynesian-inspired approach to economics and his advocacy of aggressive leadership had become pervasive. The first post–World War II EHM wave was expanding to include all manner of executives in a wide variety of businesses. They may not have been recruited or profiled by the NSA, but they were performing similar functions.

The only difference now was that the corporate executive EHMs did not necessarily involve themselves with the use of funds from the international banking community. While the old branch, my branch, continued to thrive, the new version took on aspects that were even more sinister. During the 1980s, young people rose through the ranks of middle management believing that any means justified the end: an enhanced bottom line. Global empire was simply a pathway to increased profits. The second EHM wave was gaining momentum.

The new trends were typified by the energy industry, where I worked. The Public Utility Regulatory Policy Act (PURPA) was passed by Congress in 1978, went through a series of legal challenges, and finally became law in 1982. Congress originally envisioned the law as a way to encourage small, independent companies like mine to develop alternative fuels and other innovative approaches to producing electricity. Under this law, the major utility companies were required to purchase energy generated by the smaller companies, at fair and reasonable prices (the "avoided cost"). This policy was a result of Carter's desire to reduce US dependence on oil—all oil, not just imported oil. The intent of the law was clearly to encourage

both alternative energy sources and the development of independent companies that reflected America's entrepreneurial spirit. However, the reality turned out to be something very different.

During the 1980s and into the 1990s, the emphasis switched from entrepreneurship to deregulation. Milton Friedman of the Chicago School of Economics had won the Nobel Prize in Economics by maintaining that the only goal of business should be to maximize profits, regardless of the social and environmental costs, and that government oversight, in general, was unnecessary and counterproductive. Combined with McNamara's emphasis on aggressive leadership, this inspired CEOs to muscle their companies into focusing totally on the bottom line. The wealthiest companies in the energy industry interpreted these ideas as license to do whatever it took to gain more control and market share and to increase profits, rather than honoring PURPA's intent of developing innovative approaches and new sources of energy.

I watched in horror as most of the other small independents were swallowed by the large engineering and construction firms, and by the public utility companies themselves. The latter found legal loopholes that allowed them to create holding companies, which could own both the regulated utility companies and the unregulated independent energy-producing corporations. Many of them launched aggressive programs to drive the independents into bankruptcy and then purchase them. Others simply started from scratch and developed their own equivalent of the independents.

The idea of reducing our oil dependence fell by the wayside. Reagan was deeply indebted to the oil companies; George H. W. Bush had made his own fortune as an oilman; and most of the key players and cabinet members in these two administrations were either part of the oil industry or part of the engineering and construction companies so closely tied to it. Moreover, in the final analysis, oil and construction were not partisan; many Democrats had profited from and were beholden to them also.

IPS continued to maintain a vision of environmentally beneficial energy. We were committed to the original PURPA goals, and we seemed to lead a charmed life. We were one of the few independents that not only survived but also thrived. I have no doubt that the reason for this was because of my past services to the corporatocracy.

What was going on in the energy field was symbolic of a trend that was affecting the whole world. Milton Friedman's "maximize profits" credo was promoted by government and business leaders on every continent. Concerns about social welfare, the environment, and other quality-of-life issues took a backseat to greed. In the process, an overwhelming emphasis was placed on promoting private businesses. At first, this was justified on theoretical bases, including the idea that capitalism was superior to and would deter Communism. Eventually, however, such justification was unneeded. It was simply accepted a priori that there was something inherently better about projects owned by wealthy investors rather than by governments. International organizations such as the World Bank bought into this notion, advocating deregulation and privatization of water and sewer systems, communications networks, utility grids, and other facilities that up until then had been managed by governments.

As a result, it was easy to expand the EHM concept to the larger community, to send executives from a broad spectrum of businesses on missions previously reserved for the few of us recruited into an exclusive club. These executives fanned out across the planet. They sought the cheapest labor pools, the most accessible resources, and the largest markets. They were ruthless in their approach. Like the EHMs who had gone before them—like me, in Indonesia, Panama, and Colombia—they found ways to rationalize their misdeeds. And like us, they ensnared communities and countries. They promised affluence, a way for countries to use the private sector to dig themselves out of debt. They built schools and highways, and donated telephones, televisions, and medical services. In the end, however, if they found cheaper workers or more accessible resources elsewhere, they left. When they abandoned a community or country whose hopes they had raised, the consequences were often devastating, but they apparently did this without a moment's hesitation or a nod to their own consciences—the ripples of the new EHMs were swelling into a second wave.

I had to wonder, though, what all this was doing to their psyches, whether they had their moments of doubt, as I had had mine. Did they ever stand next to a befouled canal and watch a young woman try to bathe while an old man defecated upriver? Were there no Howard Parkers left to ask the tough questions?

Although I enjoyed my IPS successes and my life as a family man, I could not fight my moments of severe disillusionment. I was now the father

of a young girl, and I feared for the future she would inherit. I was weighed down with guilt for the part I had played.

I also could look back and see a very disturbing historical trend. The modern international financial system was created near the end of World War II, at a meeting of leaders from many countries, held in Bretton Woods, New Hampshire—my home state. The World Bank and the International Monetary Fund were formed to reconstruct a devastated Europe, and they achieved remarkable success. The system expanded rapidly, and it was soon sanctioned by every major US ally and hailed as a panacea for oppression. It would, we were assured, save us all from the evil clutches of Communism.

But I could not help wondering where all this would lead us. By the late 1980s, with the impending collapse of the Soviet Union and the world Communist movement, it became apparent that deterring Communism was not the goal; it was equally obvious that the global empire, which was rooted in capitalism, would have free rein.

As I mulled over these issues, in 1987 I decided it was time to write a tell-all book, *Conscience of an Economic Hit Man*, but I made no attempt to keep the work quiet. I am not the sort of writer who writes in isolation; I need to discuss the work I am doing. I receive inspiration from other people, and I call upon them to help me remember and put into perspective events of the past. In this case, I wanted to include the stories of other EHMs and jackals and began to contact people I had known.

Then, I received an anonymous phone call threatening my life and that of my baby daughter, Jessica. And then another. I was terrified. I'd seen what the jackals could do. However, I was at a loss. Claudine's warning about being in for life echoed through my consciousness. What were my options?

The day after the second phone call, another former MAIN partner contacted me and offered me an extremely lucrative consulting contract with Stone & Webster Engineering Corporation (SWEC). At that time, SWEC was one of the world's premier engineering and construction companies, and it was trying to forge a place for itself in the changing environment of the energy industry. My contact explained that I would report to their new subsidiary, an independent energy-development branch modeled after companies like my own IPS. I was relieved to learn that I

would not be asked to get involved in any international or EHM-type projects.

In fact, he told me, I would not be expected to do very much at all. I was one of the few people who had founded and managed a successful independent energy company, and I had an excellent reputation in the industry. SWEC's primary interest was to use my résumé and to include me on its list of advisers, which was legal and consistent with standard industry practices. The offer was especially attractive to me because, due to a number of circumstances, I was considering selling IPS. The idea of joining the SWEC stable and receiving a spectacular retainer was welcome.

The day he hired me, the CEO of SWEC took me out to a private lunch. We chatted informally for some time, and as we did so I realized that a side of me was eager to get back into the consulting business and to leave behind the obligations of running a complicated energy company, being responsible for over a hundred people when we were constructing a facility, and dealing with all the liabilities associated with building and operating power plants. I had already envisioned how I would spend the substantial retainer I knew he was about to offer me. I had decided to use it, among other things, to create a nonprofit organization.

Over dessert, my host brought up the one book I had already published, *The Stress-Free Habit.* He told me he had heard wonderful things about it. Then he looked me squarely in the eye. "Do you intend to write any more books?" he asked.

My stomach tightened. Suddenly, I understood what this was all about. I recalled the threats. I did not hesitate. "No," I said. "I don't intend to try to publish any more books at this time."

"I'm glad to hear that," he said. "We value our privacy at this company. Just like at MAIN."

"I understand that."

He sat back and, smiling, seemed to relax. "Of course, books like your last one, about dealing with stress and such things, are perfectly acceptable. Sometimes they can even further a man's career. As a consultant to SWEC, you are perfectly free to publish that sort of thing." He looked at me as though expecting a response.

"That's good to know."

“Yes, perfectly acceptable. However, it goes without saying that you’ll never mention the name of this company in your books, and that you will not write about anything that touches on the nature of our business here or the work you did at MAIN. You will not mention political subjects or any dealings with international banks and development projects.” He peered at me. “Simply a matter of confidentiality.”

“It goes without saying,” I assured him. For an instant, my heart seemed to stop beating. An old feeling returned, similar to ones I had experienced around Howard Parker in Indonesia, while driving through Panama City beside Fidel, and while sitting in a Colombian coffee shop with Paula. I was selling out—again. This was not a bribe in the legal sense—it was perfectly aboveboard and legitimate for this company to pay to include my name on their roster, to call upon me for advice or to show up at a meeting from time to time—but I understood the real reason I was being hired.

He offered me a consultant’s retainer that was equivalent to a top executive’s annual salary.

Later that afternoon I sat in an airport, stunned, waiting for my flight back to Florida. I felt like a prostitute. Worse than that, I felt I had betrayed my daughter, my family, and my country. And yet, I told myself, I had little choice. I knew that if I had not accepted this bribe, the jackals would not hesitate to kill my daughter, me, and anyone else who threatened to expose the stories behind the “facts” of the EHM system. I had been “hit” in a manner very similar to the one I had used on heads of state and others during my EHM career.

32

The United States Invades Panama

Torrijos was dead, but Panama continued to hold a special place in my heart. Living in South Florida, I had access to many sources of information about current events in Central America. Torrijos's legacy lived on, even if it was filtered through people who were not graced with his compassionate personality and strength of character. Attempts to settle differences throughout the hemisphere continued after his death, as did Panama's determination to force the United States to live up to the terms of the Canal Treaty.

Manuel Noriega became Torrijos's de facto successor. At first, he appeared committed to following in his mentor's footsteps. I never met Noriega personally, but by all accounts, he initially endeavored to further the cause of Latin America's poor and oppressed. One of his most important projects was the continued exploration of prospects for building a new canal, to be financed and constructed by the Japanese. Predictably, he encountered a great deal of resistance from Washington and from private US companies. As Noriega himself writes:

> *Secretary of State George Shultz was a former executive of the multinational construction company Bechtel; Defense Secretary Caspar Weinberger had been a Bechtel vice president. Bechtel would have liked nothing better than to earn the billions of dollars in revenue that canal construction would generate. . . . The Reagan and Bush administrations feared the possibility that Japan might dominate an eventual canal construction project; not only was there a misplaced concern about security, there was also the question of commercial rivalry. U.S. construction firms stood to lose billions of dollars.*[1]

But Noriega was no Torrijos. He did not have his former boss's charisma or integrity. Over time, he developed an unsavory reputation for corruption and drug dealing, and was even suspected of participating with the CIA in

Torrijos's assassination and arranging the assassination of a political rival, Hugo Spadafora.

Noriega built his reputation as a colonel heading up the Panamanian Defense Forces' G-2 unit, the military intelligence command that was the national liaison with the CIA. In this capacity, he developed a close relationship with CIA Director William J. Casey. The CIA used this connection to further its agenda throughout the Caribbean and Central and South America. For example, when the Reagan administration wanted to give Castro advance warning of the 1983 US invasion of Grenada, Casey turned to Noriega, asking him to serve as messenger. The colonel also helped the CIA infiltrate Colombian and other drug cartels.

By 1984, Noriega had been promoted to general and commander in chief of the Panamanian Defense Forces. It is reported that when Casey arrived in Panama City that year and was met at the airport by the local CIA chief, he asked, "Where's my boy? Where's Noriega?" When the general visited Washington, the two men met privately at Casey's house. Many years later, Noriega would admit that his close bond with Casey made him feel invincible. He believed that the CIA, like G-2, was the strongest branch of its country's government. He was convinced that Casey would protect him, despite Noriega's stance on the Panama Canal Treaty and US Canal Zone military bases.[2]

Thus, while Torrijos had been an international icon for justice and equality, Noriega became a symbol of corruption and decadence. His notoriety in this regard was assured when, on June 12, 1986, the *New York Times* ran a front-page article with the headline "Panama Strongman Said to Trade in Drugs and Illicit Money." The exposé, written by a Pulitzer Prize–winning reporter, alleged that the general was a secret and illegal partner in several Latin American businesses; that he had spied on and for both the United States and Cuba, acting as a sort of double agent; that G-2, under his orders, had in fact beheaded Hugo Spadafora; and that Noriega had personally directed "the most significant drug running in Panama." This article was accompanied by an unflattering portrait of the general, and a follow-up the next day included more details.[3]

Compounding his other problems, Noriega was also saddled with a US president who suffered from an image problem, what journalists referred to as George H. W. Bush's "wimp factor."[4] This took on special significance when Noriega adamantly refused to consider a fifteen-year extension for the

School of the Americas. The general's memoirs provide an interesting insight:

> *As determined and proud as we were to follow through with Torrijos's legacy, the United States didn't want any of this to happen. They wanted an extension or a renegotiation for the installation [School of the Americas], saying that with their growing war preparations in Central America, they still needed it. But that School of the Americas was an embarrassment to us. We didn't want a training ground for death squads and repressive right-wing militaries on our soil.*[5]

Perhaps, therefore, it should not have stunned the world when, on December 20, 1989, the United States attacked Panama with what was reported to be the largest airborne assault on a city since World War II.[6] It was an unprovoked attack on a civilian population. Panama and its people posed absolutely no threat to the United States or to any other country. Politicians, governments, and press around the world denounced the unilateral US action as a clear violation of international law.

Had this military operation been directed against a country that had committed mass murder or other human rights crimes—Pinochet's Chile, Stroessner's Paraguay, Somoza's Nicaragua, D'Aubuisson's El Salvador, or Saddam's Iraq, for example—the world might have understood. But Panama had done nothing of the sort; it had merely dared to defy the wishes of a handful of powerful politicians and corporate executives. It had insisted that the Canal Treaty be honored, it had held discussions with social reformers, and it had explored the possibility of building a new canal with Japanese financing and construction companies. As a result, it suffered devastating consequences. As Noriega put it:

> *I want to make it very clear: the destabilization campaign launched by the United States in 1986, ending with the 1989 Panama invasion, was a result of the US rejection of any scenario in which future control of the Panama Canal might be in the hands of an independent, sovereign Panama—supported by Japan. . . . Shultz and Weinberger, meanwhile, masquerading as officials operating in the public interest and basking in popular ignorance about the powerful economic interests they represented, were building a propaganda campaign to shoot me down.*[7]

Washington's stated justification for the attack was based on one man. The United States' sole rationale for sending its youth to risk their lives and consciences killing innocent people, including untold numbers of children, and setting fire to huge sections of Panama City, was Noriega. He was characterized as evil, the enemy of the people and a drug-trafficking

monster, and as such he provided the administration with an excuse for the massive invasion of a country with two million inhabitants—which coincidentally happened to sit on one of the most valuable pieces of real estate in the world.

I found the invasion deeply disturbing. I knew that Noriega had bodyguards, yet I could not help believing that the jackals could have taken him out, as they had Roldós and Torrijos. Most of his bodyguards, I suspected, had been trained by US military personnel and probably could have been paid either to look the other way or to carry out an assassination themselves.

The more I thought and read about the invasion, therefore, the more convinced I became that it signaled a US policy turn back toward the old methods of empire building, that the Bush administration was determined to go one better than Reagan and demonstrate to the world that it would not hesitate to use massive force to achieve its ends. It also seemed that the goal in Panama, in addition to replacing the Torrijos legacy with a puppet administration favorable to the United States, was to frighten countries like Iraq into submission.

David Harris, a contributing editor at the *New York Times Magazine* and the author of many books, has an interesting observation. In his 2001 book *Shooting the Moon*, he states:

> *Of all the thousands of rulers, potentates, strongmen, juntas, and warlords the Americans have dealt with in all corners of the world, General Manuel Antonio Noriega is the only one the Americans came after like this. Just once in its 225 years of formal national existence has the United States ever invaded another country and carried its ruler back to the United States to face trial and imprisonment for violations of American law committed on that ruler's own native foreign turf.*[8]

Following the bombardment, the United States suddenly found itself in a delicate situation. For a while, it seemed as though the whole thing would backfire. The Bush administration might have quashed the wimp rumors, but now it faced the problem of legitimacy, of appearing to be a bully caught in an act of terrorism. It was disclosed that the US Army had prohibited the press, the Red Cross, and other outside observers from entering the heavily bombed areas for three days while soldiers incinerated and buried the casualties. The press asked questions about how much evidence of criminal and other inappropriate behavior was destroyed, and

about how many died because they were denied timely medical attention, but such questions were never answered.

We will never know many of the facts about the invasion, nor will we know the true extent of the massacre. Richard Cheney, defense secretary at the time, claimed a death toll between five hundred and six hundred, but independent human rights groups estimated it at three thousand to five thousand, with another twenty-five thousand left homeless.[9] Noriega was arrested, flown to Miami, and sentenced to forty years' imprisonment; at that time, he was the only person in the United States officially classified as a prisoner of war.[10]

The world was outraged by this breach of international law and by the needless destruction of a defenseless people at the hands of the most powerful military force on the planet, but few in the United States were aware of either the outrage or the crimes Washington had committed. Press coverage was very limited. A number of factors contributed to this, including government policy, White House phone calls to publishers and television executives, congresspeople who dared not object (lest the wimp factor become their problem), and journalists who thought the public needed heroes rather than objectivity.

One exception was Peter Eisner, a *Newsday* editor and Associated Press reporter who covered the Panama invasion and continued to analyze it for many years. In *The Memoirs of Manuel Noriega: America's Prisoner*, published in 1997, Eisner writes:

> *The death, destruction and injustice wrought in the name of fighting Noriega—and the lies surrounding that event—were threats to the basic American principles of democracy. . . . Soldiers were ordered to kill in Panama and they did so after being told they had to rescue a country from the clamp of a cruel, depraved dictator; once they acted, the people of their country (the US) marched lockstep behind them.*[11]

After lengthy research, including interviews with Noriega in his Miami prison cell, Eisner states:

> *On the key points, I do not think the evidence shows Noriega was guilty of the charges against him. I do not think his actions as a foreign military leader or a sovereign head of state justify the invasion of Panama or that he represented a threat to US national security.*[12]

Eisner concludes:

My analysis of the political situation and my reporting in Panama before, during, and after the invasion brought me to the conclusion that the US invasion of Panama was an abominable abuse of power. The invasion principally served the goals of arrogant American politicians and their Panamanian allies, at the expense of unconscionable bloodshed.[13]

The Arias family and the pre-Torrijos oligarchy, which had served as US puppets from the time when Panama was torn from Colombia until Torrijos took over, were reinstated. The new Canal Treaty became a moot point. In essence, Washington once again controlled the waterway, despite anything the official documents said.

As I reflected on those incidents and all that I had experienced while working for MAIN, I found myself asking the same questions over and over: How many decisions—including ones of great historical significance that impact millions of people—are made by individuals who are driven by personal motives rather than by a desire to do the right thing? How many of our top government officials are driven by personal greed instead of national loyalty? How many wars are fought because a president does not want his constituents to perceive him as a wimp?

Despite my promises to SWEC's president, my frustration and feelings of impotence about the Panama invasion prodded me into resuming work on my book, except now I decided to focus on Torrijos. I saw his story as a way to expose many of the injustices that infect our world, and as a way to rid myself of my guilt. This time, however, I was determined to keep silent about what I was doing, rather than seeking advice from friends and peers.

As I worked on the book, I was stunned by the magnitude of what we EHMs had done, in so many places. I tried to concentrate on a few countries that stood out, but the list of places where I had worked, and which were worse off afterward, was astounding. I also was horrified by the extent of my own corruption. I had done a great deal of soul searching, yet I realized that while I was in the midst of it, I had been so focused on my daily activities that I had not seen the larger perspective. Thus, when I was in Indonesia, I fretted over the things Howard Parker and I discussed, or the issues raised by Rasy's young Indonesian friends. While I was working in Panama, I was deeply affected by the implications of what I had seen during Fidel's introduction of the slums, the Canal Zone, and the discotheque. In Iran, my conversations with Yamin and Doc troubled me immensely. Now, the act of writing this book gave me an overview. I understood how easy it

had been not to see the larger picture and therefore to miss the true significance of my actions.

How simple this sounds, and how self-evident, yet how insidious the nature of these experiences. For me it conjures the image of soldiers. In the beginning, they are naive. They may question the morality of killing other people, but mostly they must deal with their own fears and focus on survival. After they kill their first enemies, they are overwhelmed with emotions. They may wonder about the families of the dead men and feel a sense of remorse. But as time goes on and they participate in more battles, kill more people, they become hardened. They are transformed into professional soldiers.

In some sense, I had become a professional soldier. Admitting that fact opened the door to a better understanding of the process by which crimes are committed and empires are built. I could now comprehend why so many people have committed atrocious acts—how, for example, good, family-loving Iranians could work for the shah's brutal secret police, how good Germans could follow the orders of Hitler, how good Americans could bomb Panama City.

As an EHM, I never drew a penny directly from the NSA or any other government agency; MAIN paid my salary. I was a private citizen, employed by a private corporation. Understanding this helped me see more clearly the emerging role of the corporate executive as EHM. A whole new class of soldier was emerging on the world scene, and these people were becoming desensitized to their own actions. I wrote:

> *Today, men and women are going into Thailand, the Philippines, Botswana, Bolivia, and every other country where they hope to find people desperate for work. They go to these places with the express purpose of exploiting people whose children are severely malnourished, even starving, people who live in shantytowns and have lost all hope of a better life, people who have ceased to even dream of another day. These men and women leave their plush offices in Manhattan or San Francisco or Chicago, streak across continents and oceans in luxurious jetliners, check into first-class hotels, and dine at the finest restaurants the country has to offer. Then they go searching for desperate people.*

Modern slavers no longer march into the forests of Africa, using guns, chains, and the terrible dungeons of slave ships to haul people to the auction blocks in Charleston, Cartagena, and Havana. Instead, they exploit desperate people and build a factory to produce the jackets, blue jeans, tennis shoes, automobile parts, computer components, and thousands of

other items they can sell in the markets of their choosing. Or they may elect not even to own the factory themselves; instead, they hire a local businessman to do all their dirty work for them.

These individuals think of themselves as upright. They return to their homes with photographs of quaint sites and ancient ruins to show their children. They attend seminars where they pat each other on the back and exchange tidbits of advice about dealing with the eccentricities of customs in far-off lands. Their bosses hire lawyers who assure them that what they are doing is perfectly legal. They have a cadre of psychotherapists and other human resource experts at their disposal to convince them that they are helping those desperate people.

Old-fashioned slave traders told themselves that they were dealing with a species that was not entirely human, and that they were offering the slaves the opportunity to attain eternal salvation by become Christians. They also understood that slaves were fundamental to the survival of their own society, the foundation of the economy. Modern slave traders assure themselves that the desperate people are better off earning one or two dollars a day than no dollars at all, and that they are receiving the opportunity to become integrated into the larger world community. These slavers also understand that the desperate people are fundamental to the survival of the company, that they are the foundation for the slavers' own lifestyles. They never stop to think about the larger implications, the economic system behind this process—or of how it will ultimately impact the future of the world's children. It pains me deeply to admit that I was one of those modern slave traders.

33

An EHM Failure in Iraq

My role as president of IPS in the 1980s, and as a consultant to SWEC in the late 1980s and throughout much of the 1990s, gave me access to information about Iraq that was not available to most people. Indeed, during the 1980s the majority of Americans knew little about the country. It simply was not on their radar. However, I was fascinated by what was going on there.

I kept in touch with old friends who worked for the World Bank, USAID, the IMF, or one of the other international financial organizations, and with people at Bechtel, Halliburton, and the other major engineering and construction companies, including my own father-in-law. Many of the engineers employed by IPS subcontractors and other independent power companies were also involved in projects in the Middle East. I was very aware that the EHM strategy was being applied in Iraq.

The Reagan and Bush administrations were determined to turn Iraq into another Saudi Arabia. There were many compelling reasons for Saddam Hussein to follow the example of the House of Saud. He had only to observe the benefits they had reaped from the Money-Laundering Affair. Since that deal was struck, modern cities had risen from the Saudi desert, Riyadh's garbage-collecting goats had been transformed into sleek trucks, and now the Saudis enjoyed the fruits of some of the most advanced technologies in the world: state-of-the-art desalinization plants, sewage treatment systems, communications networks, and electric utility grids.

Saddam Hussein undoubtedly was aware that the Saudis also enjoyed special treatment when it came to matters of international law. Their good friends in Washington turned a blind eye to many Saudi activities, including the financing of fanatical groups—many of which were considered by most of the world to be radicals bordering on terrorism—and the harboring of

international fugitives. In fact, the United States actively sought and received Saudi Arabian financial support for Osama bin Laden's Afghan war against the Soviet Union. The Reagan and Bush administrations not only encouraged the Saudis in this regard, but also pressured many other countries to do the same—or at least to look the other way.

The EHM presence in Baghdad was very strong during the 1980s. They believed that Saddam eventually would see the light, and I had to agree with this assumption. After all, if Iraq reached an accord with Washington similar to that of the Saudis, Saddam could basically write his own ticket in ruling his country, and might even expand his circle of influence throughout that part of the world.

It hardly mattered that he was a pathological tyrant, that he had the blood of mass murders on his hands, or that his mannerisms and brutal actions conjured images of Adolf Hitler. The United States had tolerated and even supported such men many times before. We would be happy to offer him US government securities in exchange for petrodollars, for the promise of continued oil supplies, and for a deal whereby the interest on those securities was used to hire US companies to improve infrastructure systems throughout Iraq, create new cities, and turn the deserts into oases. We would be willing to sell him tanks and fighter planes and to build him chemical and nuclear power plants, as we had done in so many other countries, even if these technologies could conceivably be used to produce advanced weaponry.

Iraq was extremely important to us, much more important than was obvious on the surface. Contrary to common public opinion, Iraq is not simply about oil. It is also about water and geopolitics. Both the Tigris and Euphrates rivers flow through Iraq; thus, among all the countries in that part of the world, Iraq controls much of the increasingly critical water resources. During the 1980s, the importance of water—politically as well as economically—was becoming obvious to those of us in the energy and engineering fields. In the rush toward privatization, many of the major companies that had set their sights on taking over the small independent power companies now looked toward privatizing water systems in Africa, Latin America, and the Middle East.

In addition to oil and water, Iraq is situated in a very strategic location. It borders Iran, Kuwait, Saudi Arabia, Jordan, Syria, and Turkey, and it has a coastline on the Persian Gulf. It is within easy missile-striking distance of

both Israel and Russia. Military strategists equate modern Iraq to the Hudson River valley during the French and Indian War and the American Revolution. In the eighteenth century, the French, British, and Americans knew that whoever controlled the Hudson River valley controlled the continent. Today, it is common knowledge that whoever controls Iraq holds a trump card in the Middle East.

Above all else, Iraq presented a vast market for American technology and engineering expertise. The fact that it sits atop one of the world's most extensive oil fields (by some estimates, even greater than Saudi Arabia's) ensured that it was in a position to finance huge infrastructure and industrialization programs. All the major players—engineering and construction companies; computer systems suppliers; aircraft, missile, and tank manufacturers; and pharmaceutical and chemical companies—were focused on Iraq.

However, by the late 1980s it was apparent that Saddam was not buying into the EHM scenario. This was a major frustration and a great embarrassment to the first Bush administration. Like Panama, Iraq contributed to George H. W. Bush's wimp image. As Bush searched for a way out, Saddam played into his hands. In August 1990, he invaded the oil-rich sheikhdom of Kuwait. Bush responded with a denunciation of Saddam for violating international law, even though it had been less than a year since Bush himself had staged the illegal and unilateral invasion of Panama.

It was no surprise when the president finally ordered an all-out military attack. Five hundred thousand US troops were sent in as part of an international force. During the early months of 1991, an aerial assault was launched against Iraqi military and civilian targets. It was followed by a one-hundred-hour land assault that routed the outgunned and desperately inferior Iraqi army. Kuwait was safe. A true despot had been chastised, though not brought to justice. Bush's popularity ratings soared to 90 percent among the American people.

At the time of the Iraq invasion, I was in Boston attending meetings—one of the few occasions when I was asked to do something for SWEC. I vividly recall the enthusiasm that greeted Bush's decision. Naturally, people throughout the Stone & Webster organization were excited, though not only because we had taken a stand against a murderous dictator. For them, a US victory in Iraq offered possibilities for huge profits, promotions, and raises. Engineers, weapons manufacturers, and other war industries, along with

Wall Street and insurance companies that supported them, welcomed the opportunity to return to the military strategy that had been pretty much dormant since the end of the Vietnam War.

The excitement was not limited to those of us in businesses that would directly benefit from war. People across the nation seemed almost desperate to see our country reassert itself militarily. I believe there were many reasons for this attitude, including the philosophical change that occurred when Reagan defeated Carter, the Iranian hostages were released, and Reagan announced his intention to renegotiate the Panama Canal Treaty. Bush's invasion of Panama stirred the already smoldering flames.

Beneath the patriotic rhetoric and the calls for action, however, I believe a much more subtle transformation was occurring in the way US commercial interests—and therefore most of the people who worked for American corporations—viewed the world. The march toward global empire had become a reality in which much of the country participated. The dual ideas of globalization and privatization were making significant inroads into our psyches.

In the final analysis, this was not solely about the United States. The global empire had become just that: it reached across all borders. What we had previously considered US corporations were now truly international, even from a legal standpoint. Many of them were incorporated in a multitude of countries; they could pick and choose from an assortment of rules and regulations under which to conduct their activities, and a multitude of globalizing trade agreements and organizations made this even easier. Words like *democracy*, *socialism*, and *capitalism* were becoming almost obsolete. Corporatocracy had become a fact, and it increasingly exerted itself as the single major influence on world economies and politics. Its members would do whatever it took to consolidate the powers of this global empire.

In a strange turn of events, I succumbed to the corporatocracy again when I sold IPS in November 1990. It was a lucrative deal for my partners and me, but we sold out mainly because Ashland Oil Company put tremendous pressure on us. I knew from experience that fighting them would be extremely costly in many ways, while selling would profit us. However, it did strike me as ironic that an oil company would become the new owners of my alternative energy company; part of me once again felt like a traitor.

SWEC demanded very little of my time. Occasionally, I was asked to fly to Boston for meetings or to help prepare a proposal. I was sometimes sent to places like Rio de Janeiro, to hobnob with the movers and shakers there. Once, I flew to Guatemala on a private jet. I frequently called project managers to remind them that I was on the payroll and available. Receiving all that money for doing so very little rubbed at my conscience. I knew the business well and hoped to contribute something useful. But it simply was not on the agenda.

The image of being a man in the middle haunted me. I wanted to take some action that would justify my existence and that might turn all the negatives of my past into something positive. I continued to work surreptitiously—and very irregularly—on *Conscience of an Economic Hit Man*, and yet I did not deceive myself into believing that it would ever be published.

In 1991, I formed a nonprofit organization, Dream Change, based on the Shuar philosophy that "your life, the world, is as you dream it," that whatever you believe you can do, you can in fact do.[1] I began guiding small groups of people into the Amazon to spend time with and learn from the Shuar, who were eager to share their knowledge about environmental stewardship and indigenous healing techniques. During the next few years, the demand for these trips grew rapidly, as did Dream Change. Dedicated to changing the way people from industrialized countries see the earth and our relationship to it, Dream Change developed a following around the world and empowered people to create organizations with similar missions in many countries.

Throughout the 1990s, I became increasingly involved in the nonprofit world, helping to create several organizations and serving on the boards of directors of others. Many of these grew out of the work of highly dedicated people at Dream Change and involved working with indigenous people in Latin America—the Shuars and Achuars of the Amazon, the Quechuas of the Andes, the Mayas in Guatemala—or teaching people in the United States and Europe about these cultures. The Pachamama Alliance—envisioned by Daniel Koupermann and co-founded by Bill and Lynne Twist and me—has been especially successful at raising funds to keep oil companies off indigenous lands and to protect the rain forests from encroaching industrialization, and in developing programs for raising

consciousness about the importance of such activities in countries across the planet.

SWEC approved of this philanthropic work; it was consistent with SWEC's own commitment to the United Way. I also wrote more books, always careful to focus on indigenous teachings and to avoid references to my EHM activities. Besides alleviating my boredom, these measures helped me keep in touch with Latin America and the political issues that were dear to me.

But try as I might to convince myself that my nonprofit and writing activities provided a balance, that I was making amends for my past activities, I found this increasingly difficult. In my heart, I knew I was shirking my responsibilities to my daughter. Jessica was inheriting a world where millions of children are born saddled with debts they will never be able to repay. And I had to accept responsibility for it.

My books grew in popularity, especially *The World Is As You Dream It*. Its success led to increasing demands for me to give workshops and lectures. Sometimes, standing in front of an audience in Boston or New York or Milan, I was struck by the irony. If the world is as you dream it, why had I dreamed such a world? How had I managed to play such an active role in manifesting such a nightmare?

In 1997, I was commissioned to teach a weeklong Omega Institute workshop in the Caribbean, at a resort on St. John Island. I arrived late at night. When I awoke the next morning, I walked onto a tiny balcony and found myself looking out at the very bay where, seventeen years earlier, I had made the decision to quit MAIN. I collapsed into a chair, overcome with emotion.

Throughout the week, I spent much of my free time on that balcony, looking down at Leinster Bay, trying to understand my feelings. I came to realize that although I had quit, I had not taken the next step, and that my decision to remain in the middle was exacting a devastating toll. By the end of the week, I had concluded that the world around me was not one that I wanted to dream, and that I needed to do exactly what I was instructing my students to do—to do whatever it would take to change my dreams in ways that reflected what I really wanted in my life.

When I returned home, I gave up my corporate consulting practice. The president of SWEC who had hired me was now retired. A new man had come aboard, one who was younger than me and apparently unconcerned

about me telling my story. He had initiated a cost-cutting program and was happy not to have to pay me that exorbitant retainer any longer.

I decided to complete the book I had been working on for so long, and just making the decision brought a wonderful sense of relief. I shared my ideas about writing with close friends, mostly people in the nonprofit world who were involved with indigenous cultures and rain forest preservation. To my surprise, they were dismayed. They feared that speaking out would undermine my teaching work and jeopardize the nonprofit organizations I supported. Many of us were helping Amazon nations protect their lands from oil companies; coming clean, I was told, could undermine my credibility, and might set back the whole movement. Some even threatened to withdraw their support.

At the same time, following the end of the 1991 Iraq invasion, US military operations declined once again. It marked the next step of what would become the second EHM wave. President Bill Clinton's administration (1993–2001) was characterized by the longest period of peacetime economic expansion in American history and the increasing globalization of American corporations. US EHMs rose to the occasion. Among their many tactics, they lobbied for and crafted international "free" trade agreements, including the monumental North American Free Trade Agreement (NAFTA) that was signed into law in 1994. It gave US companies a huge advantage by allowing them to be subsidized by US taxpayers, but prohibited Mexico and Canada from imposing tariffs and limitations on US imports, thus making it impossible for many local farmers and businesses in those countries to compete with US corporations. Although I saw that EHM activities were increasing, I did not believe anyone was particularly interested in my story.

So, once again, I stopped writing. Instead, I focused on taking people deep into the Amazon, showing them a place that is mostly untouched by the modern world and introducing them to people who continue to live in harmony with nature. In fact, that is where I was on September 11, 2001.

When I returned to the US, I flew to New York City and went directly to Ground Zero. As I stood looking at that site where so many people had died, I knew I had to write about my EHM life. The more I studied the situation, the more I realized that the power of US EHMs was continuing to rise under President George W. Bush. In addition to the war industries that expanded after 9/11, the NAFTA spinoff known as the Central American

Free Trade Agreement (CAFTA) was passed in 2005 (for more on NAFTA and CAFTA, see Chapter 41). What had begun to take shape in the 1980s and 1990s was cresting in a second EHM wave in the early 2000s. It included people who worked to serve the interests of specific corporations, as described in Part VI.

Since my contract with Stone & Webster had ended, I was under no obligation not to share my story. However, the specter of the threats on my life and my family hung over me. I decided that rather than including the stories of other people, I would focus on my own—a personal confession. I would not contact anyone. I'd write the entire manuscript in secret. I figured that once I had placed the manuscript in the hands of a literary agent and he had sent it to publishers, it would serve as a sort of insurance policy. Anyone who might want to kill me would know that my untimely death would increase book sales. And that was the last thing they wanted.

PART VI

2004–2016

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Conspiracy: Was I Poisoned?

I had expected that *Confessions of an Economic Hit Man* would wake people up and inspire them to turn things around. The facts were obvious. I and others like me had created an EHM system that supported the corporatocracy and was failing everyone else. Most of us had bought into it in a big way; we were collaborators—often unconscious ones. Now it was time to change. I had hoped that exposing these facts, making people conscious, would inspire a movement that would result in a new vision.

What I had not anticipated was the power of the EHM system or its determination to defend and promote the death economy. Nor had I anticipated the rise of a whole new class of EHMs and jackals.

The book was a huge success. It almost immediately became a *New York Times* bestseller and was on many other bestseller lists in numerous languages. The book made it clear that I did not believe the EHM system was driven by some nefarious, illegal, and secret plan devised by a small group of people determined to control the world; in other words, I did not believe in some unified Grand Conspiracy.

Then something strange happened.

In late March 2005, less than five months after the book was published, I flew to New York City on a Monday. I was scheduled to speak at the United Nations the next day. I was in perfect health, as far as I knew. A man who identified himself only as a freelance journalist had been hounding my publicist for an interview. Because his credentials were sketchy and I was receiving a lot of press at that time, she kept putting him off. But when he suggested picking me up at LaGuardia airport, taking me to lunch, and driving me to the friend's apartment where I would be staying, she consulted with me and I acquiesced.

He was waiting for me when I exited the airport. He took me to a small café, told me how much he admired my book, asked some of what had become rather standard questions about my life as an EHM, and then drove me to my friend's apartment on the Upper West Side.

I would never see that man again, and meeting him would have been an unmemorable event—except for the fact that a couple of hours later I suffered severe internal bleeding. I lost about half the blood in my body, went into shock, and was rushed to Lenox Hill Hospital. I ended up spending two weeks there and having more than 70 percent of my large intestine removed.

The New York enterologist told me that I'd suffered from complications due to a severe case of diverticulosis. I was shocked to hear this because I'd recently had a colonoscopy. My Florida doctor had assured me that there were no signs of cancer, which had been my main concern. He had mentioned that I had some diverticula "like most people your age" and advised me to come back in five years.

Of course, my UN speech was canceled, as were numerous other media events. Word of my operation got out very quickly, and soon I was receiving lots of emails. Most supported me and expressed concern for my well-being. Some came from people who accused me of being a traitor to my country. Several assured me that I'd been poisoned.

When I asked my enterologist, he responded that he didn't think it likely that I had been poisoned but he'd also learned "never to say never." All our attempts to contact the mysterious journalist who had taken me to lunch failed. Emails had been our only means of communicating with him and his address was inactive. Whatever the truth, all of it got me thinking and reading more about conspiracies.

I still do not believe in the Grand Conspiracy. In my experience, there is no secret club of individuals who get together to plot illegal world domination strategies. However, I do know that part of the power of the EHM system is that it foments many small conspiracies. By "small" I mean that they are focused on specific objectives. Such conspiracies, secret actions to accomplish illegal goals, happened when I was just beginning school—for example, the CIA coup that replaced the democratically elected Iranian Prime Minister Mossadegh with the shah in 1953. They continued during my high school years: the CIA-supported Bay of Pigs invasion of Cuba in 1963. But I became most aware of them after the assassinations of

my two EHM clients, Ecuador's Roldós and Panama's Torrijos in 1981. Then, in 2002, there was the US-led conspiracy to overthrow Venezuela's president, Hugo Chavez. After that came the lies about weapons of mass destruction in Iraq. Unfortunately, these deceptions drive the dangerous lies that fly in the face of scientific evidence, like claims that climate change is not real.

While I was an EHM, the goal of most tactics was to further US and corporate interests in the less developed countries, to do whatever it took—including overthrowing or killing government leaders—to enable our companies to exploit resources. After my colon operation, as I lounged around my home reading various reports, it became obvious that the tools I had used in Ecuador, Indonesia, Panama, Egypt, Iran, Colombia, Saudi Arabia, and other countries were now being applied in Europe and the US. Fortified by the post-9/11 so-called threat of global terrorism, these conspiracies had given excessive power to the very wealthy individuals who control global corporations. Among the most striking accomplishments were the leveraging of politicians to pass laws permitting the rich to avoid paying taxes, control the media, and use it to influence politics; public relations campaigns that terrified US citizens into fighting endless wars; and "free" trade agreements like the North American and Central American Free Trade Agreements (NAFTA and CAFTA), which empowered corporations to manage many aspects of other governments.

These and many other tactics had taken the EHM system far beyond where it was in the 1970s. Despite all that I had written, I had to admit that I'd missed much of what had been going on beneath the surface. The old tools had been sharpened and new ones invented. The heart of this system remained the same: an economic and political ideology based on the four pillars, especially enslavement through debt, and enforced by paralyzing people with fear. In my day it had convinced the majority of Americans and much of the rest of the world that all actions were justified if they protected us from Communist subversives; today the "villain" had switched to Muslim terrorists, immigrants, and anyone threatening to rein in corporations. The dogma was similar, but the impact now was much greater.

Recuperating from that operation also sent me into the dark abyss of guilt. I'd wake up in the middle of the night haunted by memories of leaders I'd bribed and threatened. I had not yet come to terms with my EHM past.

I asked myself why I'd stayed in that job for ten long years. And then I remembered how difficult it had been to escape. It wasn't just the seduction of money, flying first class, staying in the best hotels, and all the other perks, nor was it simply the pressure exerted by my bosses and fellow employees at MAIN. It was also the aura of the job, my title—the very story of my culture. I was doing what I'd been schooled to do, what I'd been told was the right thing to do. I was educated as an American whose job it was to sell America, and to believe and convince everyone else that Communist regimes were out to destroy us.

After the Soviet Union launched Sputnik, the first satellite, we all became convinced that nuclear warheads were on the way. The chilling scream of sirens sent us scampering under our desks in weekly drills to hide from imagined Soviet missiles. Movies and TV shows like *I Led 3 Lives*, a gripping drama based on the memoir of an FBI agent who infiltrated a Communist cell in the US, warned us to be vigilant; Red provocateurs, like the evil Bolshevik in the poster, lurked among us, ready to pounce.

By the time I entered the EHM ranks, it had become apparent that we were losing Vietnam, a nation that was portrayed as a Sino-Soviet puppet. We were told that there would be a "domino effect," that Indonesia would go next, then Thailand, South Korea, the Philippines, and on and on; it wouldn't be long before the red tide would sweep Europe and then engulf the US. Democracy and capitalism were doomed unless we halted the onslaught. And that meant doing whatever it took to promote companies that portrayed themselves as bulwarks against Communism.

Delving into my feelings of guilt helped me see the ease with which I'd deceived myself in those years. It opened my mind to understanding that millions of people are in positions like mine. They may no longer be taught to fear Communism, but they continue to fear people from countries and cultures that someone has defined as dangerous.[1] They may not travel to foreign lands and confront face-to-face the consequences of what their companies do. They may not personally have to stand beside oil spills in the Amazon or see the shacks where sweatshop workers sleep. Instead, they anesthetize themselves with TV. They succumb to assurances by their schools, banks, human relations experts, and government officials that they are contributing to progress. But in their hearts they know otherwise. Deep down, they—we—realize that the stories misrepresent reality. And now it is time to admit to our complicity.

I came to understand during those days following my operation that my most important lesson since the publication of *Confessions of an Economic Hit Man* was that the only reason the EHM system works is because the rest of us give it permission to work. We believe the lies we are told or look the other way; either way, we support it. One of the things that most bothered me was having to admit to myself that I'd not only looked the other way but also convinced many people to actively support that system. I made a commitment to myself that I'd be more diligent; I'd watch more closely what was going on in my own community, my country, and the world.

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Istanbul:
Death versus Life Economy

After recovering from that operation, I traveled extensively. My focus was on talking about the book and responding to questions. I also understood that I needed to delve deeper into what others could tell me. I realized that while in the 1970s EHMs had been executives and consultants at a few multinational corporations and consulting companies, a new breed was taking over. Today's EHMs included executives and consultants at thousands of multinational corporations, consulting companies, investment funds, industry groups, and associations—as well as an army of lobbyists who represent all of these. They had created what many economists were referring to as a death economy.

During the early years of the second millennium, EHMs flourished. Contributing factors were the wars in Iraq and Afghanistan, the 2008 recession, tax cuts and other neoliberal policies, and the increasing globalization of multinational corporations. The growth of a degenerative, destructive economic system, as well as the differences and similarities of EHMs of the past to those of the present, were very much on my mind in 2013, as I stood at the window of my hotel in Istanbul and looked out at the ancient buildings and minarets of a city that had been both the seat and victim of empires for centuries. Following the publication of *Confessions of an Economic Hit Man*, I had been invited to Istanbul a number of times to speak at conferences of business executives. I was just about to give one more presentation in this historic city that was now a center for international conferences.

I thought about the core tools we EHMs used in my day: false economics that included distorted financial analyses, inflated projections and rigged accounting books, secrecy, deception, threats, bribes, extortion; false

promises that were never intended to be honored; and enslavement through debt and fears. These same tools are used today. Now, as then, many are present in each "hit," although that likely is evident only to someone willing to analyze the story behind the story. Now, as then, the glue that holds all of this together is the belief that any means is justified to achieve the desired ends. I also thought about my stint lecturing at an MBA program in China in 2009 and the enthusiasm of the Chinese students for learning about the EHM strategy, as described later.

A major change is that the EHM system today is at work in the US and other higher-income countries, in China, and everywhere. There are many more variations on each of these tools. There are hundreds of thousands more EHMs spread around the world. They have created a truly global empire and an economic system that threatens to end life as we know it. They are working in the open as well as in the shadows. This system has become so widely and deeply entrenched that it is the normal way of doing business and therefore not alarming to most people.

This new breed convinces government officials to give their companies favorable tax and regulatory treatment. They force countries to compete against one another for the opportunity to host their facilities. Their ability to locate their production plants in one country, their tax-sheltered banking in a second, their call centers in a third, and their headquarters in a fourth gives them immense leverage. Countries must vie with one another to offer the most lenient environmental and social regulations and the lowest wage and tax rates. In many cases governments swamp themselves with debt so they can offer perks to subsidize corporations. In recent years, we've watched this happen to countries like Iceland, Spain, Ireland, and Greece, in addition to the ones in Africa, Asia, Latin America, and the Middle East where it has been going on for longer. When the more subtle approaches fail, government officials learn that some damaging aspects of their personal lives they thought were secret will be exposed or, in some cases, fabricated.

Another change is the justification used for the US EHM tactics: then, it was protecting the world from Communist takeover, from the Vietcong and other revolutionary groups, and from threats to our affluent American way of life; today, it is stopping terrorists and migrants, fighting Islamic extremists, promoting economic growth, and saving our affluent way of life.

The more I thought about these things, the more I realized that I needed to address them forcefully in my writings and talks. I sat down at my computer and typed out information for future PowerPoint presentations.

SLIDE #1

Death economy—driven by the idea advanced by Nobel Laureate (1976) Milton Friedman that:

> *The only responsibility of business is to maximize short-term profits, regardless of social and environmental costs and the idea that "for someone to win, someone must lose."*

SLIDE #2

EHM strategy based on four pillars:

- ► fear
- ► debt
- ► anxiety over insufficiency
- ► divide and conquer

SLIDE #3

Corp execs must do whatever maximizes profits, including "corrupting" officials with campaign money and promises of post-government jobs, exploiting workers, and depleting resources.

SLIDE #4

KEY CHARACTERISTICS OF THE DEATH ECONOMY

- ► Rewards nonproductive jobs (stock manipulation, financialization)
- ► Ignores externalities (environmental and social costs)
- ► Fails to identify taxes as investments in social services, infrastructure, etc.
- ► Encourages monopolies
- ► Classifies nature as a depletable resource

- ► Relegates billions of people to poverty
- ► Causes global warming, extinctions, and other crises

SLIDE #5

Life economy—driven by a goal to:

Maximize long-term benefits for people and nature and create a winwin for all .

SLIDE #6

KEY CHARACTERISTICS OF THE LIFE ECONOMY

- ► Rewards productive jobs (education, health care, arts, etc.)
- ► Includes externalities in financial and economic metrics
- ► Identifies taxes as investments in health care, education, sustainable infrastructure, etc.
- ► Encourages local, employee-owned businesses (e.g., co-ops, B corporations)
- ► Pays people to clean up pollution, recycle, develop green technologies, and regenerate environments
- ► Creates economic opportunities for people everywhere
- ► Reverses global warming and other crises and protects endangered species[††]

* * *

As I strolled the beautiful streets of Istanbul, chatted with people from different countries and walks of life, met with corporate executives and members of Turkey's government, and rode the ferry across the Bosporus, that great waterway that separates Europe and Asia, I kept thinking about how the drive of empire builders to control the world has not changed in thousands of years. What *has* changed is our perception of the world; it has expanded to encircle the globe. At the same time, the tools used have

become increasingly efficient and they have created a system that ultimately is self-destructive.

Late one afternoon I stood on the European side of the Bosporus looking across the water at Asia, my mind filled with memories of things I had done during my years as an EHM. At first, I tried to justify them; I told myself that I was a victim of an educational system that teaches that the American dream is about becoming what I had become. I thought about how this very city represented the attempts to justify exploitative, colonialist actions by Europeans, Asians, Christians, Muslims, and countless other groups that, despite the justifications, were driven by the desire for power and wealth. I once again had to face the role I'd played in promoting the death economy.

The next day, flying home from Istanbul, looking down on the Mediterranean, I found that in addition to guilt I also felt a growing sense of anger. Our business and government leaders were taking the EHM system way beyond anything imaginable in my time—or in the era of the feudal emperors who, during the so-called dark ages, ruled the lands beneath my plane.

I couldn't help suspecting that future historians would look back on the post–9/11 era as an even darker age.

My anger mounted at the realization that we in the US are told that we must fear scarcity, that we should buy more, work harder, keep accumulating, bury ourselves in more and more debt. This mentality goes beyond the personal to become an aspect of patriotism—our country must amass increasing amounts of the world's resources.[1] We are assured that the debt used to finance the military is necessary for our own good—the same argument that had been used on the subjects of those feudal emperors.

It was particularly infuriating to think that when we point out that military spending reduces our benefits, we are told that social programs encourage indolence, while those that support armies, subsidize wind-fall profits, and encourage the corporate barons to speculate with our tax dollars fuel the engines of economic growth—that top-down economics works despite decades of overwhelming evidence to the contrary.

As I looked down at the English Channel, once the dividing line between archenemies Protestant England and Catholic France, I was struck by how much stronger this system has become since my days, and that after 9/11 the EHM system came home to roost. The use of debt and fear, the Patriot Act, the militarization of police forces, a vast array of new surveillance

technologies, the infiltration and sabotage of social movements like Occupy, and the dramatic expansion of privatized prisons have strengthened the US government's ability to marginalize those who oppose it. Giant corporate-funded PACs—reinforced by *Citizens United* and other court decisions—and billionaires like the Koch brothers, who finance groups such as ALEC, subvert the democratic process and win elections by flooding the media with propaganda. They hire cadres of lawyers, lobbyists, and strategists to legalize corruption and influence every level of government.

When I arrived back in the US, I discovered something was happening that justified my anger.

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†† For more details on capitalism and the life and death economies, see the appendix.

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Another EHM Banking Scandal

The financial world was shaken by another major scandal in 2014. It included a couple of the banks that had been involved in the earlier Libor scandal and some new ones. Citicorp, JPMorgan Chase & Co., Barclays PLC, and the Royal Bank of Scotland pleaded guilty to rigging the price of foreign currencies and were fined more than $5 billion. Within a year these four banks, plus one other, UBS, would be fined an additional $1.6 billion, along with another $1.3 billion in the case of Barclays, to settle related claims.

The banks had operated what some of their members referred to as "the Cartel" since 2007. Found among the emails and chat room conversations of individuals involved were their own names for their group: the Bandits Club and the Mafia.[1]

US Attorney General Loretta Lynch described the banks' foreign currency scheme as "a brazen display of collusion and foreign exchange rate market manipulation." She went on to call it a "breathtaking conspiracy."[2] These words—*collusion* and *conspiracy*—spoken by the US attorney general were especially telling, given that they were used in reference to the secret collaboration of banks that for years had been considered some of the most trusted businesses in the world. The actions of the banks demonstrated that everything—conspiracy, collusion, fraud, unfair competitive practices—was justified by the corporatocracy so long as it earns large profits.

Articles about this scandal reignited my feelings of guilt. I couldn't erase the suspicion that by doing what I had four decades earlier I had helped open the floodgates for these tidal waves of seemingly endless corruption. Reading on, however, my feelings once again changed from guilt to anger.

While I had to admit that things I'd done had set the stage, I was struck by the contrasts between the ways we operated and the ruthless tactics of the modern bankers. In my day, we worked hard to justify the debts. We crafted fancy econometric models to demonstrate that the loans would generate economic growth in the targeted countries. In addition to convincing the citizens of those countries, we also needed to convince ourselves. These new EHMs did not find it necessary to justify their actions. They were blatant. They were defiant. They were utterly merciless. They relished their roles as bandits and Mafiosi and bragged about being part of a cartel. It shocked and infuriated me to see that this new breed took pride in exploiting everyone else.

Then slowly I realized that my anger was not limited to the bankers. It included the regulators. This conspiracy had operated with impunity for at least five years. Who was watching? The lack of oversight was testament to the "see no evil, hear no evil, speak no evil" attitude that was pervasive among government agencies. It was another aspect of the second EHM wave. Those in charge believed they were entitled to do whatever it takes to help the banks—and other corporations—realize the goal of maximizing profits regardless of the social and environmental consequences.

The magnitude of the punishments also said a great deal about the cozy corporate–government relationships. Although the total fines in the combined Libor and rigged foreign currency prices conspiracies—about $10 billion—seemed at first like a large sum, on further inspection I saw that they were minuscule relative to the assets of those banks. Worse still, not a single banker had been indicted for criminal activities. Not one.

I was struck by how apathetic and resigned the American public had become to being exploited. Our willingness to wear blinders was similar to attitudes in the countries I'd exploited during the 1970s. Besides the relatively secret schemes of the bankers, Americans were exploited by overt measures that we quietly accepted as standard practice. These included the skyrocketing student debt caused by state and federal cuts to public education, the constantly increasing medical debt resulting from deficient national health care and insurance policies, predatory payday loans, tax laws that subsidize a few of the richest at the expense of the many, and the outsourcing of jobs to other countries. The mantra "We will do whatever it takes . . ." echoed from bank board rooms into the halls of Congress.

This was brought home during the 2015 FIFA soccer scandal. The second EHM wave was so pervasive that it infected all areas of society, even sports. According to charges brought by the US Justice Department against leaders of international soccer's governing body, the perpetrators employed many of the tools that had been part of my kit, including bribes, fraud, and money laundering, and did so in collaboration with the big banks. The corruption went unchecked for nearly two decades and cost communities and the taxpayers of many nations fortunes while making a handful of elites wealthy.[3]

At first, I was relieved that the Justice Department had taken action. This seemed a step in the right direction. The regulators were finally regulating. Then I saw a different aspect.

The soccer scandal was a smoke-and-mirrors diversion. Media attention focused on a nonessential aspect of life, sports, at a time when the real criminals were those who were stealing the global economy. Individual FIFA officials were carted off in handcuffs, while bank executives awarded themselves multimillion-dollar bonuses. Why were individual bankers whose admitted crimes impacted all of us not indicted?

The obvious answer: the bankers were members of the corporatocracy, and FIFA officials were not. The story that the Justice Department had uncovered so much wrongdoing within FIFA and was aggressively pursuing indictments diverted attention from the bigger story. The banking lobby owned the Justice Department. Banks were so wealthy and powerful that they bought elected officials, the regulators who "regulated" them, and the media that was supposed to keep us informed.

I found myself thinking again about Howard Zinn. He and I had discussed the growing power of lobbyists. "We vote," he said. "But those we elect don't seem to listen to us anymore. They obey the commands of the people who finance their campaigns, corporate lobbyists." He pointed out that I'd done something similar. "You obeyed the World Bank." He paused. "Did you really think the Bank wanted to end world poverty?"

* * *

I saw an image of myself as a business school student standing in the entrance of the World Bank on my first visit there in 1967, reading the

motto "Working for a World Free of Poverty." I believed those seven words. But not for long. Within a few years I discovered that the motto was symbolic of the deceptions that characterize the Bank's work.

Between the publication of *Confessions* in 2004 and *The New Confessions* in 2016, the second EHM wave had spread across the planet. During this period, I participated on panels and in debates where development professionals tried to defend the Bank. They argued that the work I did and that had been done since by the Bank had gone a long way to ending poverty. The facts, however, told a different story.[4]

An Oxfam report revealed that almost half the world's wealth was owned by just 1 percent of the population, and seven out of ten people lived in countries where economic inequality had increased in the last thirty years.[5] Slum dwellers in countries where I promoted World Bank projects, like Indonesia, Colombia, Argentina, and Egypt, might now have cell phones, but they were by no means free of poverty and, from a comparative standpoint, many were actually worse off than when I was an EHM. According to World Bank statistics, 2.2 billion people still lived at a poverty level of less than $2.00 a day in 2011—a huge number considering the billions of dollars paid to global corporations to "free the world of poverty."[6] These were just a few of the many statistics that exposed deceptions around World Bank and other development policies.

While sixty of the poorest countries had paid $550 billion over three decades in both principal and interest on loans of $540 billion, they still owed a whopping $523 billion on those same loans. The cost of servicing that debt was more than these countries spent on health or education and twenty times the amount they received annually in foreign aid.[7] In addition, World Bank projects had brought untold suffering to some of the planet's poorest people. In just one decade, they forced an estimated 3.4 million people out of their homes; the governments in these countries had beaten, tortured, and killed opponents of World Bank projects.[8]

I and my colleagues did whatever we thought it would take to expand the corporate capitalist empire. That was the real goal. The World Bank motto was a subterfuge. We convinced government leaders that unless they accepted our loans and paid us to train their militaries and build up their infrastructure, their citizens would be ruled by brutal Stalin-type dictators. Corporate capitalism would boost them out of the dark ages of feudalism and into the modern era of US-driven prosperity.

It was a system that had mushroomed since *Confessions* was first published. By 2016, in addition to the World Bank, it was promoted by the private banks, by the individuals who had admitted to criminal activities in the corporations they led and instead of prison terms received multimillion-dollar bonuses. They and their corporate colleagues had convinced people around the world that success was defined by personal assets rather than contributions to the greater community, that privatization and deregulation protected the public, that government assistance for the needy was wasteful and counterproductive, that personal debt was better than government investments in social services, and that people who lived in mansions and traveled in private jets and luxury yachts were icons to be emulated.

Howard understood why a majority of us accept these platitudes. Those in the middle class who have the material trappings of prosperity, he said, are complacent because they possess the things they were taught to covet, and they don't want to lose them. Those who live in poverty are complacent because they must devote their energies simply to surviving. Those who may want to change the system feel powerless to do so.

All of this was expertly managed by the second wave of EHMs and the jackals who had become increasingly prevalent in the new millennium and after 9/11.

37

The New Millennium's New Economic Hit Men

Back in the 1970s, lower-income countries were looked upon as nests of corruption. People like me plied our trade quietly, but just about everyone assumed that Latin American, African, and Asian government officials thrived on bribes. The image of the "banana republic" politician accepting an envelope stuffed with dollars in exchange for favors granted was ingrained in the press and Hollywood. The US, on the other hand, was considered to be—and for the most part was—above such massive corruption.

In writing *The New Confessions*, I was struck by how much had changed during the decade since the original book was published in 2004. The changes had been drastic, and they symbolized the transformation in American attitudes, laws, and politics that had been mounting since my EHM days. Activities that would have been viewed as immoral, unacceptable, and illegal in the US were standard practice by 2016. They might be covered in a patina of oblique rhetoric, but beneath that surface the same old tools—including, at times, threats, bribes, falsified reports, extortion, sex, and violence—were applied at the highest levels of business and government.

During this period, invitations to speak about *Confessions* took me to conferences and universities in Asia, Europe, the Middle East, and Latin America, as well as across the US. A change in my personal life also opened the door to new insights.

Winifred and I decided to divorce, although we have remained close friends and each live within ten minutes of our daughter, Jessica, and grandson, Grant. I started dating Kiman Lucas, a lawyer who was the CEO of a nonprofit that helped war victims in Afghanistan, Cambodia, Laos, Myanmar, Thailand, and Vietnam and that worked closely with the US State

Department. Accompanying her expanded my understanding of the evolving EHM tactics at home and abroad.

I found that the second EHM wave had become ubiquitous in America; EHMs strolled from the corridors of the White House, through the US Congress, along Wall Street, and into the boardrooms of every major company. Corruption at the top had become legitimized because corporate EHMs drafted the laws, and the politicians they financed passed them. They were loyal to specific corporations rather than the US. By 2016, there were five particularly striking examples of the new EHMs.

US Senators

The last time I saw Howard Zinn, I asked him where he'd turn to learn more about the modern EHMs. "Study politicians like Daschle and Dodd," he advised.

Tom Daschle and Chris Dodd had a lot in common. Both served as distinguished long-term Democratic members of the US Senate—Daschle from 1987 to 2005, and Dodd from 1981 to 2011. Both were rising stars in the Democratic Party. Daschle was Senate majority leader. Dodd was general chairman of the Democratic National Committee and chairman of the Senate Banking Committee, as well as a presidential candidate in 2008.

Daschle and Dodd portrayed themselves as "men of the people" as opposed to Washington insiders. Daschle's early campaigns showed him driving a beat-up Pontiac. Dodd promised he would never succumb to the greedy opportunism of lobbyists.

But they both betrayed their images and the promises they made to their constituents. They represented this new, powerful, and very dangerous second EHM wave.

After leaving the Senate, Daschle joined a law firm that nets millions of dollars through political lobbying for health care and other corporations; he received a salary reported at more than $2 million, in addition to millions more from a private equity firm. Adopting ambiguous sobriquets such as "political adviser," he tried to avoid the classification "lobbyist," although his job was exactly that: to lobby for lucrative deals that benefited his clients.

One telling example happened after a garment factory collapsed in Bangladesh in 2013, killing more than eleven hundred people. Although there is no indication that Daschle was personally involved, his law firm, DLA Piper, fought the implementation of a Bangladesh plan for legally binding safety reforms aimed at protecting low-income workers. Instead, DLA Piper lobbied for legislation that would drastically limit the liability of wealthy US retailers. Joined by retired Democratic senator George Mitchell and former Senate aide Charlie Scheeler, DLA Piper sought to protect the avaricious interests of their clients, including one of the retailers identified in the 2013 factory collapse (Gap), at the expense of the people and economy of Bangladesh.[1]

When Senator Dodd ran for president of the United States, his campaign accepted funding from the financial services industry—the very businesses regulated by the Senate Banking Committee that he chaired. After he retired from the Senate in 2010, and despite his repeated promises never to be a lobbyist, he replaced Dan Glickman as chairman and chief lobbyist for the Motion Picture Association of America.[2]

Daschle and Dodd were Democrats. Among Republicans who had jumped from the Senate into the lobbyist club were John Ashcroft, Bob Dole, Newt Gingrich, Phil Gramm, Chuck Hagel, Trent Lott, Warren Rudman—the list of both Democrats and Republicans seemed endless. And there were still more who had transformed themselves into EHMs from the US House of Representatives.[3]

Corporate Lobbyists

Most of these politicians, along with thousands of other people who passed through the "revolving door," did not call themselves lobbyists; they worked for law firms and went by euphemistic titles such as "counselor," "consultant," or "adviser in government affairs"—just as I officially was "chief economist" for a highly regarded consulting firm. However, their real job, like mine, was to support the corporatocracy, expand the corporate empire, and spread the tentacles of the death economy across the planet. They hid in the shadows, yet their influence was immeasurable.

It is significant that the American League of Lobbyists—a professional association for the industry—changed its name in 2013 to the Association of Government Relations Professionals. Although the number of registered lobbyists dropped to its lowest level in more than a decade in that year, its ranks still totaled 12,281—a whopping twenty-three lobbyists for every member of the US Senate and House of Representatives and many times the number of EHMs during my time. Yet even this shocking number was highly understated. Research by American University professor James Thurber suggested the number of working lobbyists was close to one hundred thousand, and annual spending to support lobbyist campaigns was about $9 billion.[4]

The lack of transparency surrounding lobbyists made it impossible to accurately measure the full impact of such activities. However, each of the biggest companies doing business in the US had upward of one hundred lobbyists. These corporations and their associations spent more than $30 for every dollar invested by all the labor unions and public interest groups that represented "we the people" in activities that promoted workers' rights, the environment, health care, education, and other social services.[5]

Officials charged with enforcing the laws were afraid to challenge the lobbyists and the corporations they represented. The following quotation from the Common Dreams news site addressed the arms industry but was representative of global corporations in general:

> *Out of the top 10 international arms producers, eight are American. The arms industry spends millions lobbying Congress and state legislatures, and it defends its turf with an efficiency and vigor that its products don't always emulate on the battlefield. The F-35 fighter-bomber, for example—the most expensive weapons system in US history—will cost $1.5 trillion and doesn't work. It's over budget, dangerous to fly, and riddled with defects. And yet few lawmakers dare challenge the powerful corporations who have shoved this lemon down our throats.*[6]

Site Location Consultants

One of the arms producers, Boeing, made big news in the state where I lived. Washington's largest employer with more than eighty thousand employees, Boeing ranked among the three largest defense contractors in the world (the other two were both US-based, Lockheed Martin and

Northrop Grumman).[7] Boeing lobbyists worked night and day to convince Washington State officials to give the company huge tax breaks. The company threatened to move production facilities for the 777X plane to another state if the politicians did not deliver.

In the end, the Washington State legislators passed a law that activated the largest corporate tax break in any state's history, with an estimated lifetime value to Boeing of $8.7 billion.[8] That law ensured the aerospace giant's position as the US's number one corporate recipient of state and local subsidies at the time.[9]

The way Boeing manipulated Washington State officials illustrated the methods used by a special class of EHMs known as "site location consultants." For years they had been involved in the lower-income countries. However, as the Boeing case showed, they had become a major factor in the US.

Business schools and planners may claim that corporate decisions about locating job-creating facilities are based on rational analyses of such objective factors as proximity to suppliers and customers, labor markets, existing infrastructure conditions and transportation networks, and the price of energy, but the greatest determinant in many cases is the deal made with local governments. Site location consultants played to fears that communities would be rejected unless they offered the most lenient environmental and social regulations, the lowest tax rates, and other incentives that could be changed through local policies. While public officials were usually eager to arrange such deals, they overlooked the long-term consequences: deteriorating schools, roads, recreational facilities, and natural resources (ironically, features that benefited the entire community, including the corporation's own employees).[10]

Tax and Subsidy Strategists

The Boeing deal was reminiscent of things I'd done in Indonesia, Colombia, Argentina, Ecuador, Egypt, and Panama. The main difference was that instead of World Bank loans, the second EHM wave in the US used tax policy and subsidies.

These stratagems were even more effective than loans. Corporations avoided the need to register the money or sign contracts that forced them to set up systems to ensure that the debtor actually paid. In this US version, no one had to put up the funds. Instead, the money was simply removed from the tax base and handed to the corporation; in essence, the money was stolen from the US taxpayer. Funds that had been earmarked for health, education, and other social services was diverted to the coffers of greedy corporations.

My research took me to Good Jobs First, a national policy center that reviewed the grants, loans, and other subsidies distributed by the federal government since 2000. According to its reports, over the course of fifteen years, the federal government had distributed $68 billion in grants and special tax credits to businesses. Two-thirds of that was transferred to large corporations.

Major companies identified by Good Jobs First whose lobbyists were most successful at obtaining subsidies included Ford Motor, General Electric, General Motors, JPMorgan Chase, Dow Chemical, Lockheed Martin, United Technologies, Goldman Sachs, and almost half of the one hundred most profitable federal contractors. All told, a shocking 298 corporations each received subsidies of $60 million or more.[11] These companies reaped benefits from ports, airports, highways, utilities, schools, fire departments, and other services, and made billions of dollars in profits, yet they did not pay their fair share toward supporting the institutions that served them and their employees.

An investigation by the *Guardian* revealed that coal, oil, and gas industries benefited from subsidies of $550 billion, four times the amounts provided to renewable energy.[12]

The EHMs of agribusiness were perhaps the most famous—or infamous—of all. Just one example was the passage of the "Dark Act" (Deny Americans the Right to Know, H.R. 1599) by the US House of Representatives in July 2015. Its intent was to block states from requiring GMO labeling. The Grocery Manufacturers Association and Monsanto EHMs poured millions of dollars into making this bill happen. "Passage of this bill is an attempt by Monsanto and its agribusiness cronies to crush the democratic decision-making of tens of millions of Americans," stated Andrew Kimbrell, executive director of the Center for Food Safety. Environmental Working Group (EWG) cited widespread public support for

labeling GMOs. “It’s outrageous that some House lawmakers voted to ignore the wishes of nine out of ten Americans,” said Scott Faber, senior vice president of government affairs for EWG.[13]

These steal-from-the-poor, give-to-the-rich programs were by no means restricted to arms, energy, and agricultural businesses. They were pervasive across the economic spectrum. One example was Walmart.

A report published by Americans for Tax Fairness described the ways that Walmart siphoned billions of dollars from US taxpayers. Among its various tools was a vast network of overseas tax havens, with assets valued at more than $76 billion. Walmart had established at least seventy-eight subsidiaries in fifteen offshore tax havens, none of them publicly reported before.[14]

Walmart workers were subsidized by US taxpayers to the tune of more than $6 billion a year, in public nutrition, health care, and housing assistance programs. The owners of this mega–cash cow, the Walton family, were listed among the wealthiest billionaires on the planet. They, like so many of their cohorts, might criticize social programs for everyone else, but they were beneficiaries of the biggest socialized programs in history.[15]

Vulture Capitalists

Vulture funds purchase a country’s debt for a few cents on the dollar after that country has defaulted and fallen into a state of economic chaos; then, when the country’s economy begins to recover, they demand payment of the debt plus interest, often tacking on additional fees. Many take this a step further by suing businesses that try to work with the target country, thus compounding the damage by scaring off potential investors.

The largest twenty-six vultures had collected $1 billion from the world’s poorest countries and still had another $1.3 billion earmarked for collection. That $1 billion is more than double the International Committee of the Red Cross’s budget for all of Africa in 2011 and could finance the entire UN appeal for the famine in Somalia.

The 2008 global recession and the ensuing crises in most of the world resulted in increased exploitation by vulture capitalists. In addition to lower-income countries[16] and ones in Europe with “developed” economies,

more than a third of the thirty-nine countries that qualified for debt relief under the World Bank's Heavily Indebted Poor Countries programs (mostly in Africa) had been targeted.[17]

Like so many activities promoted by the second EHM wave, vulture funds not only devastated their target countries but also destabilized the global economy. According to Joseph Stiglitz, a Nobel laureate in economics and former senior vice president and chief economist at the World Bank:

> *In Argentina, the authorities' battles with a small number of "investors" (so-called vulture funds) jeopardised an entire debt restructuring agreed to—voluntarily—by an overwhelming majority of the country's creditors. In Greece . . . the country is forced into austerity policies that have contributed mightily to a 25% decline in GDP and have left its population worse off. In Ukraine, the potential political ramifications of sovereign-debt distress are enormous.*[18]

These five examples illustrate the impact the second wave of EHMs had on US and global economics, politics, the environment, and society. This new breed had created a world where eighty-five individuals own more resources than half the world's population.[19]

Something equally appalling was happening among the jackals.

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The New Millennium's New Jackals

The following is taken from *The New Confessions*:

> *"I was walking along a street in the village where my grandparents live [in Pakistan]," Jafar, a student I met while I was in Istanbul speaking at a business conference, told me. "Suddenly the building next to me exploded. Hit by a missile from a drone. People ran out screaming. A woman carrying her baby was on fire. I rushed to her, took her baby, and told her to roll on the ground." His eyes filled with tears. "She survived but many people died. Many."*

That drone was controlled by a new breed of jackal, a breed of people who don't risk their lives, don't hear the screams of the wounded and dying or witness the suffering of innocent victims. They sit at computer monitors. There is nothing heroic about their jobs. Nor is there anything heroic about a nation that inflicts such suffering on other people.

Although there are frequent news stories about the assassinations of Al-Qaida and other terrorist leaders by drones, statistics about all the mistakes that are made, what the Pentagon refers to as "collateral damage"—innocent civilians killed—are impossible to obtain. The best anyone can do is to estimate, and these estimates are shocking.[1]

> *"At least 6,000 peoples' [sic] lives have been unjustly taken by United States drone attacks in Afghanistan, Pakistan, Yemen, Somalia, Iraq, the Philippines, Libya and Syria," states a June 2015 letter released by dozens of US military veterans. In that letter they urge drone operators to "refuse to fly missions" or support such activities in any way. These veterans understand that indiscriminate drone strikes on civilians are seen by most of the world as acts of terror."*[2]

Many veterans have seen firsthand that the actions of drone operators and so many other modern jackals fill the pockets of corporate magnates who profit off war, destruction, reconstruction, and the oil fields and other resources that are at the heart of so many conflicts. At the same time, these

actions undermine US credibility, are contrary to the interests of American citizens, and foster the continuation of a fear-based economy.

President Obama's former top military intelligence official, retired US Lt. Gen. Michael Flynn, described the use of drones as a "failed strategy" that only encourages violence and terrorists. "When you drop a bomb from a drone," he said, "you are going to cause more damage than you are going to cause good." Flynn should know. He headed up the Pentagon's Defense Intelligence Agency until the summer of 2014.[3]

Documents released by WikiLeaks and Edward Snowden reveal an alarming increase in the use of CIA torture and extraordinary rendition sites, paramilitary forces hired by governments and global corporations, and CIA and Special Forces "High Value Target Assassination Programs."

Unlike the loner secret agents who prevailed in the past by depending on their wits and physical prowess, the new genre of "pack jackals" are supported by airstrikes, satellites, and other modern technologies. Although the American public is kept in the dark about the operations of specially trained military teams—primarily Navy SEALs and Delta Force personnel—they are no secret to the communities where they strike.

The *New York Times* lamented the veil of secrecy that surrounds such units in an article entitled "SEAL Team 6: A Secret History of Quiet Killings and Blurred Lines":

> *Around the world, they have run spying stations disguised as commercial boats, posed as civilian employees of front companies and operated undercover at embassies as male-female pairs, tracking those the United States wants to kill or capture.*
>
> *Those operations are part of the hidden history of the Navy's SEAL Team 6, one of the nation's most mythologized, most secretive and least scrutinized military organizations. Once a small group reserved for specialized but rare missions, the unit best known for killing Osama bin Laden has been transformed by more than a decade of combat into a global manhunting machine.*

The article went on to decry the fact that so much of current US policy is conducted in secret. The *Times* investigative team concluded the following:

> *Like the C.I.A.'s campaign of drone strikes, Special Operations missions offer policy makers an alternative to costly wars of occupation. But the bulwark of secrecy around Team 6 makes it impossible to fully assess its record and the consequences of its actions, including civilian casualties or the deep resentment inside the countries where its members operate.*[4]

The jackals in my day were usually assigned to foreign lands, with the exception of those involved in counterinsurgency and infiltrating Communist cells inside the US. That, too, had changed by the time the *New Confessions* was published. In the aftermath of 9/11, fear drove Americans to agree to sacrifice privacy and freedom and give the NSA, CIA, FBI, and other agencies unprecedented powers. Tools perfected overseas, including drones and surveillance aircraft, were spying on us in the US.

Documents released by US federal authorities after a Freedom of Information lawsuit revealed that US drone sites were operated by soldiers and deployed from stateside military installations. Others were manned by law enforcement agencies and the border patrol. Some, if not all, were designed to assassinate people.[5]

The Associated Press reported that the FBI had a "small air force with scores of low-flying planes across the US carrying video and, at times, cellphone surveillance technology—all hidden behind fictitious companies that are fronts for the government." The AP article went on to say that these flights were usually conducted without a judge's approval and that "in a recent 30-day period, the agency flew above more than 30 cities in 11 states across the country."[6]

Although 9/11 had terrified the nation into giving up its freedoms, continuing reports of torture at military bases and CIA rendition sites, attacks on whistleblowers, police brutality, and eavesdropping on personal phone calls was turning the tide of public opinion. Increasingly, the media and blogs were pointing out that such activities were inconsistent with laws intended to protect our privacy:

> *News reports in December 2005 first revealed that the National Security Agency (NSA) has been intercepting Americans' phone calls and Internet communications. Those news reports, combined with a USA Today story in May 2006 and the statements of several members of Congress, revealed that the NSA is also receiving wholesale copies of American's telephone and other communications records. All of these surveillance activities are in violation of the privacy safeguards established by Congress and the US Constitution.*[7]

The draconian jackal measures revealed in such documents told a shocking, disturbing, and sad story about the tools employed to assist the second EHM wave. Many Americans have come to understand that the democracy their government was supposed to protect has been betrayed by that government, that the very foundations of rule "by, for, and of the people" was buried in the ashes of Ground Zero.

When *The New Confessions* was published, the NSA was monitoring about 200 million text messages a day and had surreptitiously planted spy software in some one hundred thousand computers, allowing it access to the information they contained. I had to wonder if my computer was one of them.[8]

As jaundiced as I'd become about the immoral and criminal (even if technically legal) activities of our jackal agencies, I was outraged by revelations that the organization that recruited me, the NSA, had eavesdropped on the phone conversations of thirty-five world leaders, including listening to confidential discussions held at the highest levels of the governments of France, Germany, the UK, Brazil, Argentina, and many of our other allies.

According to the *Guardian*: "the NSA encourages senior officials in its 'customer' departments, such as the White House, State and the Pentagon, to share their 'Rolodexes' so the agency can add the phone numbers of leading foreign politicians to their surveillance systems."[9]

In many parts of the world, the jackals behind the second wave of EHMs were supported by a growing class of mercenary forces—hired guns who did not answer to the same rules and standards as military personnel.

By 2012 there were almost 110,000 contracted mercenary forces in Afghanistan alone, compared to 68,000 US military personnel. To place this in perspective: in Vietnam there were 70,000 mercenaries and 359,000 military personnel.[10]

Although information as to the number of mercenaries paid for with US taxpayer money was not available, in a 2014 survey that ranked the thirty most powerful private security companies, the number one spot went to G4S, a firm that employed more than 620,000 people and had earned over $12 billion in 2012. Besides soldiers, G4S sold state-of-the-art spying and monitoring equipment to governments and corporations. Interestingly, Blackwater (renamed ACADEMI), the best-known mercenary firm by the general public due to its alleged killing of Iraqi civilians, came in at number thirty.[11]

The use of mercenaries allowed Washington to claim that the military was winding down, that US death tolls were decreasing, and that the government was not responsible for torture and other war crimes. Mercenaries avoided the need for an unpopular draft like the one during the Vietnam War that incited the antiwar movement. They supported the

jackals' illegal activities without reporting to the Pentagon, president, or Congress. They were accountable to no one.

As I conducted research for *The New Confessions*, I saw that the corporatocracy was virtually unlimited, and totally undemocratic, in its ability and willingness to spy on our every movement and to take action—including imprisonment without habeas corpus, and assassination—when we did anything they perceived as a threat to their greed-driven power. Their lobbyists owned many of our elected officials. Their special ops teams conducted illegal assassinations. Their low-flying pilots and robot jackals listened to our cell phone and internet conversations. All of this was part of the corporatocracy's determination to do whatever it deemed necessary to maintain control.

Not long after *The New Confessions* was published, it became apparent that the US EHM strategy and American policy had opened the doors wide to China's EHMs—and thus began the third EHM wave.

PART VII

CHINA'S EHM STRATEGY

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China Swings the Balance

Beijing's march toward becoming a major world player began when Deng Xiaoping emerged as China's new leader after Mao Zedong's death in 1976. Under Deng's stewardship, China abandoned decades of disastrous development strategies that had resulted in the starvation deaths of an estimated 20 million people.[1] Deng advocated reforms that promoted, in his words, a "market economy with Socialist characteristics." His market economy differed significantly from the US version.

I learned a lot about how Deng's ideas emphasized community over individualism and molded what would become its EHM strategy in 2009 when I was invited to lecture at the China Europe International Business School (CEIBS). An MBA program that is consistently ranked among the top ten in the world by the *Financial Times*, it comprises mostly Chinese students who have been singled out as the nation's future leaders. Many were on the path to joining the EHM ranks, whether consciously or not. It took me some time to understand that they were eager to learn the "tricks of the trade." Once I did, I regretted that I had not done more to discourage them. I came to understand, however, that there was a fundamental difference between their thinking and ours.

"The Chinese people still to this day are influenced by the ideas of Confucius concerning respect for hierarchy," Mandy Zhang, one of CEIBS's MBA student leaders, told me. "We grow up here understanding the Confucian philosophy that serving our families is the most important thing we can do. Our families extend to our communities, the nation, and even the world. Deng should be understood in this context."

When I pointed out that Deng's ideas about a market economy reflected those advocated by Milton Friedman's form of capitalism, one that sets the goal for businesses of maximizing short-term profits regardless of social

and environmental costs, several students took exception. They explained that China is committed to following a thirty-year "Three-Step Development Strategy" originally proposed by Deng. "A market economy," Mandy observed, "does not have to be based on individualistic greed or short-term objectives. That's your model, not ours."

The students' comments helped me understand that the concept of markets and profits takes on a very different interpretation when applied to a culture that views the group as more important than the individual. Professor Friedman's ideas were formulated in the US, a country that glorifies the individual's rights to a type of freedom that benefits personal self-interest. In such a culture, the public good is served only when forced by laws and regulations to do so—or if it just happens to also benefit the individual. In a culture that follows the Confucian ideals, the public good is the goal. For many of the students, serving the family meant supporting a strategy that would make the world a place future generations would want to inherit. These students might be studying ways to put a new spin on the EHM model, but they also had experienced smog-filled cities and polluted rivers and wanted a different world for their children. It wasn't just about helping their own children; it was about helping *all* children. At least, that was the message they were conveying.

Deng's new policies were just the beginning. Over the ensuing decades, China's economy outpaced all others recorded in modern history. After Deng left office in 1989, his successors launched ambitious plans for China to become a world player. This was highlighted by President Hu Jintao's 2005 trip to Latin America, where he met with leaders from Argentina, Brazil, Chile, Cuba, Mexico, and Peru. He blazed a trail that China's EHMs soon followed. Subsequently, Chinese businesses beat out many US corporations in America's own backyard. Jintao's trip also set the stage for China's next leader, President Xi Jinping. By 2015, Xi had visited thirty countries in Africa, Asia, Europe, the Middle East, and the Americas.[2] It had become clear that China was not just a world player; it was fast becoming the dominant world player. And its EHMs enjoyed bragging rights to China's economic successes.

Even the US-appointed president of the World Bank had to admit in 2018 that "China has increased its per capita income 25-fold, and more than 800 million Chinese people lifted themselves out of poverty as a result—more than 70 percent of the total poverty reduction in the world."[3] The US,

on the other hand, appeared to have moved in the opposite direction. When adjusted for inflation, the US average hourly wage had remained stagnant since 1973, and the middle class had shrunk from 60 percent to 50 percent of the population; at the same time, a whole new class of billionaires had taken control of business, media, the internet, and even politics.[4]

The US's problems were not restricted to its economy. People everywhere had watched in horror as America carried out a brutal war in Vietnam. Then, after the events of 9/11—and defying the objections of most of its allies—the US attacked Iraq, a country that apparently had no connection to the attacks. America's obsession with military power, individual greed, and the accumulation of wealth by a few, at the expense of the many, contrasted sharply with the approach promoted by China.

Beijing took advantage of the situation. Its EHMs fanned out across the globe. They replaced Washington's "If you want your country to prosper, accept loans from the Washington Consensus, hire our companies to build infrastructure projects, and submit to neoliberal policies" with "If you want your country to prosper, accept China as a partner in global trade that will not interfere in your government, and use Chinese loans to hire our companies to build the infrastructure that makes this possible." It was a watershed moment that marked the beginning of a third EHM wave. China's new breed of EHMs included sophisticated intellectuals who altered the four pillars, as detailed in the following chapters. They taught in universities and authored books that contrasted China's record with that of the US's neoliberalism.

I met some of Team China's EHMs in 2017 when I was invited to speak at two conferences mentioned at the beginning of this book. The Saint Petersburg (Russia) International Economic Forum 2017 (SPIEF 17) included more than twelve thousand people from 120 countries and featured speakers that ranged from Russian president Vladimir Putin and UN Secretary General António Guterres to CEOs from some of the world's most influential corporations. The Astana (Kazakhstan) Economic Forum High-Level Conference was attended by about four thousand people, including the leaders of countries that had been part of the original Silk Road and now worked closely with China's EHMs to develop the New Silk Road. At these two conferences, I had the opportunity to hobnob with both current and former heads of state, government officials and their advisers, Nobel laureates, bankers, and other movers and shakers.

At SPIEF 17, I learned that the "Belt" part of the New Silk Road's official title, the Belt and Road Initiative (BRI), refers to the network of land transportation and communications systems being built to connect China with the rest of Asia, India, Russia, Europe, and Africa, while the "Road" describes the ocean waterways, ports, and infrastructure that are extending those connections to Latin America, the Caribbean, Australia, New Zealand, and other island states. In other words, the New Silk Road spans the globe.

I also learned about China's initiatives for creating new banking alliances. These financial institutions had arisen rapidly and now were competing head-on with the Washington Consensus institutions that had dominated the world since World War II and had been such an integral part of my life and our EHM strategies.

The BRICS bank, founded in July 2014, is made up of member nations Brazil, Russia, India, China, and South Africa. Combined, they represent more than 40 percent of the world's population, nearly 25 percent of global GDP, 30 percent of the earth's land territory, and about 20 percent of the global trade. Significantly, the bank is headquartered in Shanghai, reflecting the fact that China is by far the most powerful of the five countries.

The Asian Infrastructure Investment Bank (AIIB) was launched at a ceremony in Beijing in October 2014. By early 2015, it had fifty-seven member states, the majority from Asia. By 2017, countries around the world, on every continent, had enrolled. Although Washington exerted extreme pressure on Australia, South Korea, and the United Kingdom not to join, all three applied for AIIB membership as early as 2015. Together, AIIB and BRICS are welcomed in many countries as preferred alternatives to the World Bank, IMF, and other US-dominated institutions.

Speeches and conversations at SPIEF 17 made it clear that BRICS and AIIB were formulating a new order in the global financial sector. The Washington Consensus was seriously challenged. Moreover, the development economics that I'd learned at business school and on-the-job training, and that had formed the foundation for US EHM practices, were being aggressively contested.

After my speech in Astana, I was invited by Kazakhstan's prime minister, Bakhytzhan Sagintayev, to a private meeting in his office. I asked if he'd been visited by any Chinese people with jobs like mine.

“Economic hit men?” He laughed. “Of course, like you, they have fancy titles. And they come many more times than your people. They’re different, too. They like to talk theory and philosophy.”

“What about trade, the New Silk Road?”

“That, yes. But they speak mostly about how Kazakhstan played such an important role in the original Silk Road. Now it’s time for us to do the same for the New Silk Road.”

It was typical of refrains I often heard. China’s team in the third EHM wave recognized that it had to adopt a different game plan. It occurred to me that I and my fellow first-wave US EHMs, as well as those in the second wave, had been overly confident that the world wanted us, our corporations, and our military. After the dissolution of the Soviet Union, that high level of confidence became hubris. China’s EHMs were not about to make the same mistake. They were playing to the pride of other countries and promoting the prosperity that would accompany the interconnected trade routes.

Kazakhstan’s prime minister described the many crises facing us all and the importance of fostering cooperation between nations to alleviate them. “We need to adjust to global changes,” he said, “in climate-restoring manufacturing, transportation, communications, and other technologies. The New Silk Road encourages countries to cooperate so each can use its comparative advantages to help others.”

At his urging, I detailed my thoughts about the need to change global perceptions that focus on short-term profit maximization and result in a death economy to perceptions that advocate long-term benefits and create a life economy.

He clapped his hands together. “I totally agree,” he said, beaming. “That’s the job of the New Silk Road.” He mentioned that historically China and Kazakhstan had gone through many ups and downs. “But,” he added, “since Kazakhstan’s independence from the Soviet Union, we’ve developed strong ties. We have influence in Beijing.” He emphasized that due to Kazakhstan’s central location—between China and Russia, and China and the Middle East and Europe—and its vast size, it plays a critical role. He reminded me that President Xi had officially announced the New Silk Road in Astana during a 2013 speech at Nazarbayev University. “That was symbolic,” he added. “Xi was sending a message about Kazakhstan’s importance to the future of our planet.”

Another person I met in Kazakhstan and who offered particularly interesting insights was Dr. Sergey Glaszyev, one of President Putin's top economic advisers. He had read *Confessions* and served on a panel with me. Over coffee, he told me that part of his job was to help Russia's leaders understand China's strategies. "I've concluded," he said, "that China learned from the strategies used by US economic hit men, like you, and Russian economic hit men, like me." Sergey went into some detail about both the successful and unsuccessful tactics our two countries had implemented, which now served as teaching tools for China's EHMs. He then talked about the resentment that resulted when both our countries used "aid" to control the politics of sovereign nations. "The New Silk Road is China's answer," he continued. "It is based on cooperation and collaboration—and trade—instead of force. It claims to aim for a fairer distribution of wealth. Countries object to exploitation by foreigners, outsiders meddling in their governments and stationing soldiers on their soil. But who can object to increased commerce and prosperity?"[5]

After my discussions with Sergey, I thought of the difference between the Cold War with the Soviet Union and the current competition with China. Looking back, I understood that the Soviets had nuclear weapons that threatened the US militarily, but they offered little economic competition. Their attempts at expanding foreign investments were minuscule compared to those of the Washington Consensus at that time or China's today. The same can be said of trade. The Soviets' domestic economy was not one to be emulated. Even the concepts of Marxist Communism were highly flawed by the country's Stalinist past. During my Peace Corps days, I knew Latin American idealists who spouted Marxism but none who advocated the Soviet governmental model for their own country. Although they might attend Russian universities, they were critical of Soviet economics. During current visits to Latin America, I was hearing a very different story about China.

A few months after leaving Kazakhstan, I was in Ecuador. A cabinet minister, who asked to remain anonymous, told me, "Latin American countries possess many natural resources, but we don't have the technological or financial capabilities to exploit them. China offers hope. We would rather accept help from China than the States. After all, China has never invaded a Latin country or backed coups and assassinations against our elected officials; the US has a history of doing both." He

reminded me that in 2007 Ecuadorean president Rafael Correa responded to President Bush's request to extend the US lease for its large military base in Ecuador by remarking, "If the US wants to maintain a base in Ecuador, you must give us a lease to build one in Florida." The Pentagon closed its Ecuadorian base. "US citizens may like to imagine that others welcome foreign soldiers on their soil," the cabinet minister added, "but most detest it, just as Americans did in 1775." Correa, he said, had turned away from the US and toward China because he feared the Washington Consensus's use of neoliberal economics to gain control of countries' governments and resources.

When I asked about China's aggressions in the South China Sea, Hong Kong, Taiwan, Tibet, and along the Indian border, he shrugged. "I don't justify them, but those are regions where China has a long history and where it claims sovereignty." He gave me a wry smile. "Sort of like the US invasion and annexation of half of Mexico in the 1800s and all the 'policing' activities you've done throughout the hemisphere ever since, including the ones you participated in and write about in your book." He rubbed his chin thoughtfully. "Besides, China's regions are far away from us. The ones the US hit, like Panama and most recently Honduras, are our neighbors."

That minister was by no means alone. His views represent those of people in many countries. The unfortunate truth is that the US, time and again, has used its status as the sole superpower and a combination of coercion, corruption, threats, and violence to convince countries to offer their resources cheap to US corporations, privatize and sell public sector businesses to American investors, implement austerity programs, and enforce other burdensome conditions.

China's EHMs are promoting an alternative. Their stories of domestic success and New Silk Road ideas of global development have become the center of conversations in international circles. China's message that it is a trading partner offering loans to increase a country's participation in worldwide commerce—rather than simply a creditor employing debt to manipulate a country's resources, economy, and policies—is attractive to countries faced with extreme poverty and failing economies. China was experiencing similar conditions when many of today's leaders of the lower-income countries were beginning their careers. It is relatively easy for China's third EHM wave to convince those leaders that by adopting China's

model their country will be able to build the infrastructure that connects it to a vast trading network.

At these two conferences, I saw that the New Silk Road had turned the corner from concept to reality. While the United States had been bogged down in Iraq and Afghanistan, China had built alliances that now established it as the world's alternate superpower. Dubbed by several speakers as "the Chinese century," this new era was extolled as a model for countries that hoped to do now as China had done in the four decades since implementing Deng's 1978 development strategies.

In contrast to those ideas, I often hear from people in the US that China is now in decline and that post–World War II US hegemony will prevail. They point to China's aging population and the challenges this creates for younger generations who must support them; economic growth rates that are significantly lower than those of the previous decades; air, water, and land pollution; an authoritarian government that limits introspection, media, and other forms of communications and speech; serious debt problems among some of its largest corporations and local communities; declining demand in the important housing market; and the discord sown by its policies toward other countries, especially Hong Kong and Taiwan, and its own ethnic minorities.

However, many China-watchers have a different point of view, as expressed in a 2022 *Foreign Policy* article:

> *Since the onset of its economic reforms in the 1970s, China has long defied predictions that it would soon stumble or collapse. . . . In some ways, China is still soaring: Its military power grows more formidable every year. . . .*
>
> *The China of the 2020s will be a country whose coercive capabilities are more intimidating than ever as its economic dynamism fades. That could be the worst possible combination for the world. . . .*
>
> *In recent decades, Beijing has repeatedly confounded those who predicted it was about to hit the wall.*[6]

The world has also watched the US make mistakes that reach to the very core of American ideals. "If the US is an example of democracy, we want no part of it" is a refrain I often hear. People in other countries are especially shocked to see that alliances and commitments signed by one administration can be broken by another and that the inability of the US

Senate and House of Representatives to reach compromises often results in governmental paralysis.

While multiple countries have increasingly resisted Washington's attempts to forge trade agreements that favor US corporations, they have greeted Chinese overtures with positive responses.

To a large degree, this is the result of hard and creative work by China's third wave of EHMs. Their team is not limited to the engineers, economists, and financiers of my time or to the second EHM wave of corporate henchmen that arose in the US during the last decades. Like a well-organized sports team, China's EHM team has a great deal of depth.

China's team, however, has been challenged by Russia's invasion of Ukraine. China does not want to appear like it does not support the rights of a sovereign nation. At the same time, China welcomes Russia's attempts to break US hegemony and force the US and its European allies to devote a great deal of money and energy to Ukraine (see Chapter 45). It is significant that Xi's first post-pandemic trip outside China and Hong Kong took him in September 2022 to Kazakhstan and Uzbekistan, where he promoted China's ties with Central Asia. After the two leaders met, Putin admitted that Xi had "questions and concerns" about Russia's invasion and had lectured him on the importance of global stability. That admission left little doubt that China was displeased with Russia's actions.

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China's Economic Hit Men

The tools, tricks of the trade, and institutions used by China's EHMs today have a remarkable resemblance to those employed by US EHMs. They, too, draw on the four pillars, as described below and in upcoming chapters.

In addition to spying, China's Ministry of State Security (MSS), like the CIA and NSA, stokes propaganda about reasons to fear the US. It often works alongside its military counterpart, the Intelligence Bureau of the Joint Staff, even as the CIA and NSA collaborate with Department of Defense agencies. And it provides China's EHMs with valuable information on current events, resources, and opportunities around the globe.

The China International Development Cooperation Agency (CIDCA) boosts anxieties over insufficiency and encourages debt. Its establishment in 2018 signaled Beijing's ambition to escalate its EHM strategy and delegate overall management to one powerful agency. Roughly equivalent to USAID, CIDCA looks to other government departments for assistance. The Ministry of Foreign Affairs (MOFA) is charged with evaluating, recommending, and monitoring programs that are touted as bringing prosperity to other countries, while the Ministry of Commerce (MOFCOM) is tasked with implementing them.

BRICS and AIIB offer grants and loans to targets of China's EHMs. Adhering to the World Bank and IMF models, they include many countries as members, financial contributors, and loan recipients. BRICS and AIIB are largely managed by Beijing (just as the World Bank and IMF are largely managed by Washington), and they often enlist the China Development Bank, China EXIM Bank, China Investment Corporation, and Industrial and Commercial Bank of China (just as the World Bank enlists the US EXIM Bank and Wall Street).

China's EHMs have become extremely skilled at utilizing MSS, CIDCA, BRICS, and AIIB, as evidenced in many of the projects described in the following chapters. Most of the programs implemented through one or more of these institutions contribute to expanding the communications, transportation, and energy systems of the New Silk Road.

The more I learn about China's EHM strategy and talk with some of its strategists, the better I understand its success at incorporating the most effective elements of the US approach. I also see the differences between the players on each team. As described earlier, Team USA's second-wave EHMs focus primarily on promoting specific corporations, rather than US national interests. Team China's third-wave players focus primarily on national interests. This reflects the large number of state-owned enterprises (SOEs).

During the twentieth century, EHM activities zeroed in on oil, mining, and other material-based assets. Countries with those assets were particularly vulnerable to all four pillars, but especially to debt and anxiety over scarcity. As we move increasingly into the age of high tech, cybernetics, and greater environmental and social responsibility (a knowledge economy), China has been quick to embrace this new breed of EHMs. They are guided by philosophies that differ from those of Team USA, as I heard during conversations in late 2021 and early 2022 with three prominent Chinese thinkers who represent China's modern strategists.

Dr. Wen Tiejun holds many titles and was identified by *China Business Weekly* as "one of the top ten movers and shakers in China's economy." Dr. Zhihe Wang is director of the Institute for Postmodern Development of China and personally connected with many of China's top leaders. Dr. Meijun Fan is editor-in-chief of *Cultural Communication*, an influential Chinese newspaper.

When I asked about differences between the US's and China's approaches, Dr. Wen responded, "I've been very familiar with the World Bank's ideas of neoliberalism, privatization, marketization, and globalization since beginning back in the 1980s. I've traveled in Africa, India, Russia, and other countries." He observed that, unlike the US, "China looks at needs. We say, 'Your people need education? Okay, we can help you build schools. Your people need medical services? Okay, we can help you build hospitals. You need roads? We can help you build roads.'"

It reminded me of an incident I witnessed in the Ecuadorian Andes mountains in the late 1990s. The people in a potato-growing community asked the Quito government to help them buy simple metal hoes and plows to replace the wooden ones pulled behind their horses. The government turned to USAID. The agency sent an agricultural specialist who recommended that the farmers stop growing the several dozen varieties of potatoes that had been their tradition for hundreds of years. He told them to concentrate instead on just four of the most profitable ones and, if they did so, offered to give them a tractor and mechanized potato planting and harvesting equipment. He would also arrange loans to buy glyphosate-based herbicides and other "miracle chemicals" that would bring them into the modern age of science. The tractor alone was worth about ten years of the entire community's gross income. It was an offer they couldn't refuse. They planted the four potato varieties. Within a few years, blight killed their entire crop. I stood on a hillside that had been ravaged with erosion by the tractor. I heard the heart-wrenching stories of people whose lives had been shattered by crop failures, mudslides, and flooding. Families were forced to leave their homes. Many ended up begging on the streets of Quito.

"Yes," I responded to Dr. Wen. "I'm afraid we in the US have not always been good listeners." Then I asked, "What are the obstacles keeping China and the US from working together?"

"There are a couple big ones," Dr. Fan said. "First, America is no longer a united country. It is divided at both the government and people's level. Second: the American government's antagonistic attitude toward China. How can you have cooperation with someone who treats you as its number one enemy?"

"To put it succinctly," Dr. Wang added, "If the US is united and determined to cooperate with China, the two countries definitely can work together. Unfortunately, your political schism and internal frictions damage America's ability to work for the common good, like reversing climate change." He then went on to talk about the importance of the New Silk Road and how he hoped the US would join it. "This 'world's biggest project,'" he said, "aims at creating a network of railways, roads, pipelines, and utility grids that will link China and Central Asia, West Asia, parts of South Asia, and Latin America. It aims to create the world's largest platform for economic cooperation and connectivity, including policy coordination, trade and financing collaboration, and social and cultural cooperation."

I come away from conversations like this one with the realization that China's strategists see that bringing people around the world together is in China's national interests. Again, I wonder why I and other US EHMs in my time failed to understand this.

The following chapters will analyze China's EHM strategy for convincing people on five continents and the Middle East that its approach to development, its post-Mao achievements, and its New Silk Road can lead the world into a new era of global cooperation. They will show that China's strategy, like the US's, results in a death economy. Likely, it is even more dangerous since it is controlled by an authoritarian government that restricts information and self-correcting criticism, is prone to bad engineering and corruption, and is highly successful at enticing lower-income nations. The final chapter will explore ways each of us can contribute to reversing this pattern to create a regenerative life economy.

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Latin America

Ecuador's former president, Rafael Correa, was on my mind as the bus carrying a group of Pachamama Alliance supporters approached an Ecuadorian hydroelectric dam in August 2019. I kept thinking about the deals Correa had struck with China and of the successes—and failures—of China's third EHM wave.

I stood and turned on the microphone. The bus stopped. I pointed. "That's one of the many projects I helped finance in my economic hit man days." I had a momentary flashback to a meeting with President Roldós when we tried to convince him to accept another World Bank loan. "This Agoyan Dam wasn't completed until the 1980s; however, the planning began during the '70s." I felt a tug at my heart, but forced myself to continue. "The US was using its EHM strategy to build an empire."

I took a deep breath to control my emotions. At moments like this, I'm still riddled with guilt over what I did. "It was one of the projects that sent Ecuador plummeting into debt and servitude to the US government and corporations." I peered through the window at the huge gray wall of concrete. I knew I had to move on. These people had not come on this trip to watch me wallow in remorse over my past. "Things are changing."

I returned to my thoughts about Correa. I recalled a newspaper photo of him, beaming, greeting Xi and his wife as they stepped off the plane in the Quito airport. "Now, it's China's turn." The bus started to move forward. "There's an important difference, though." The dam you're looking at slammed the country with debt, but at least it's working." It was something I often told myself as a means, I suppose, of assuaging some of my guilt. "China's is not."

I described the problems with China's Coca Codo Sinclair project—the hydroelectric dam built next to an active volcano, in an earthquake-prone

region, that was supposed to supply electricity to much of the country but instead shorted out the national grid and was still not operating near full capacity, its generator house riddled with cracks. “And yet,” I continued, “China is favored over the US these days in most of Latin America. Its EHM strategy is much more effective than ours.”

After the collapse of the Soviet Union in 1991, the world’s sole superpower, the United States, adopted “free trade agreements,” such as the North American and Central American Free Trade Agreements (NAFTA and CAFTA) and, in 2019, the United States– Mexico– Canada Agreement (USMCA). Serving as another tool for America’s EHMs, these pacts addressed the pillar of anxiety over insufficiency. They were promoted as bringing affordable food to the participating countries. However, many Latin American and Caribbean (LAC) people see them as a one-sided ploy that primarily benefits US corporations and their own countries’ corrupt ruling elites. The agreements prohibit tariffs on imports of US agricultural products that compete with local LAC farmers but allow the US to subsidize its agribusinesses. Thus, American corporations can sell US-grown corn, rice, cotton, and other products to LAC countries for less than it costs either them or LAC farmers to grow them. In addition to financially ruining the farmers, there is a catastrophic ripple effect on the millions of people who own or work for small businesses that process, transport, market, and consume these goods. People who can no longer support their families feel they have no options but to migrate to the US, and the economic devastation causes gang wars, corruption, crimes, and political turmoil.[1]

One such immigrant told me, “Leaving the country I love and my wife and kids was heart-wrenching and dangerous, but we were starving. Here in yours, I mow lawns and weed gardens and send the money home so my children can live.”

Another said, “Our politicians succumb to corruption, but America’s corporations do the corrupting.”

There is also the highly lucrative drug trade. It is rife with corruption, involving—by many accounts in both the US and Latin America—government and law enforcement officials but blamed on the cartels and drug lords who thrive on publicity.[2] Experts point out that drug trafficking is driven by demand in the US and reinforces a bribery culture throughout the

hemisphere. Latin Americans see these as problems that are exacerbated by the US and a reason to turn to China.

In a few short years China has accomplished the seemingly impossible, something the Soviet Union had not come close to doing during more than four decades of the Cold War: it has surpassed the US as the top foreign investor in America's own backyard.

Soon after becoming China's president in 2013, Xi Jinping made it clear that China intended to change the Americas. From *The Diplomat*:

> *[One] attribute of China's primarily economic-centered LAC strategy is investment. Xi made an ambitious pledge of $250 billion in investment at the inaugural ministerial meeting of the Forum of China and the Community of Latin American and Caribbean States (China-CELAC Forum) in 2015. For LAC countries lacking adequate interior infrastructure, Chinese direct investment helps to meet their infrastructure needs. Similar to trade, Chinese investments also heavily focus on energy and natural resource extraction.*[3]

Xi visited Trinidad and Tobago, Costa Rica, and Mexico before the US. For a country like China where symbolism is critical to diplomacy, placing LAC over the US was extremely important.

But the symbolism did not stop there. By the time he finally met with President Trump in 2017, Xi had added Argentina, Brazil, Chile, Cuba, Ecuador, Panama, Peru, and Venezuela to that list. China was expanding its New Silk Road into the Americas, openly challenging US supremacy. It was doing so symbolically, financially, and in its promises not to repeat the tough demands made by the US government, corporations, and EHMs.

Xi emphasized that China would treat other countries very differently from way the US treated them. Drawing on the fear pillar, he promised that China would not meddle in client nations' internal affairs or impose its will on their national and foreign policies—a subtle suggestion that partnering with China would offer protection against US interference. Turning to the debt and insufficiency pillars, he assured countries that in helping them prosper he would not attach political agendas to assistance programs or seek strategic gains through Chinese investments. The divide-and-conquer strategy was replaced by a call for unification through the New Silk Road.

The facts, however, often differ from the perception China promotes. Beijing frequently insists that client countries support its foreign policies, especially around Tibet, Hong Kong, and Taiwan, and its domestic policies over the Uyghurs and other minorities. Nevertheless, the non-interference

perception was important to a region that had grown tired of bullying from Washington and Wall Street.

Xi's visits encouraged LAC leaders to recall the days when their countries could leverage negotiations with the Soviets to force the United States to soften its demands. After the fall of the Soviet Union, US EHMs had free rein; they were in positions to coerce LAC leaders to do exactly the things President Xi was now assuring them that China would not ask of them. On top of that, China's loans would be used to build infrastructure that would integrate the countries with the entire world. Beijing's actions were welcomed as signals that the post-Soviet era of US domination was over. They also reignited resentments against the United States that had smoldered for the decades since my Peace Corps days.

By the time my Peace Corps tour ended in 1971 and I joined the EHM ranks, it was evident that the US was losing Vietnam. Ecuadorians and other Latin Americans celebrated this as an ignominious US defeat. Washington's propaganda machine claimed that these anti-US attitudes proved that Communism was on the rise. The Soviets, we were told, used Cuba to launch terrorists throughout the hemisphere. The fact was, Cuba was in no position to take such actions. If the Soviets had a grand plan, it ended with the Cuban Missile Crisis and Che's execution. However, given the post–World War II nuclear scares, the McCarthy hearings, and the TV shows and movies about Communist spies, the red tide hysteria mounted.

The Reagan administration employed the fear pillar to persuade the public that the Americas were threatened. I and other "development specialists" were dispatched, along with the CIA, to bolster right-wing movements. Chile and Argentina, with long histories of embracing fascism, were enlisted. Supported by Washington, Chile's General Augusto Pinochet and Argentina's military junta overthrew democratically elected president Salvador Allende of Chile (1973) and president Isabel Peron of Argentina (1976). Their autocratic governments tortured and assassinated tens of thousands of people. America might condemn Nazi Germany, but it supported men who emulated Hitler.

These brutal dictators spearheaded the CIA's Plan Condor. It united the most powerful LAC leaders into a coalition to suppress democratic movements (portrayed as Socialist) and use the region's natural resources to profit American corporations. As *The Guardian* wrote about the US secretary of state:

Kissinger bolstered Pinochet while hundreds of political prisoners were still being jailed and tortured.

The then American Secretary of State assured Pinochet that President Gerald Ford's administration would not punish him for violations of human rights. He told him he was a victim of Communist propaganda and should not pay too much attention to American critics.[4]

By 1975, Plan Condor had evolved into a multinational military effort, known as Operation Condor. Six dictatorships—Argentina, Bolivia, Brazil, Chile, Paraguay, and Uruguay—committed to collaborating with Washington.[5] Divide and conquer took on a new twist. Dictators annihilated movements advocating social services, fair wages, and human rights; turned the majorities against the very institutions they needed most; and criminalized majority leaders as Soviet spies.

I was one of the EHMs sent to assist the six governments in implementing the four pillars. We were joined by CIA operatives and US Special Forces units that provided training, weapons, and other equipment used to kidnap, kill, and "disappear" anyone suspected as a threat to American hegemony. The infamous School of the Americas located in the US's Panama Canal Zone, and hated by the majority of Latin Americans, was the training ground for right-wing militias, while Argentina's junta served as field commander. Operation Condor spread fear throughout the continent and resulted in the murders of an estimated sixty thousand people.

The US could appear to keep its hands clean. Assassinations and other jackal activities were largely accomplished by agents of the Argentine and Chilean dictators, often under CIA directives. Furthermore, the CIA saw this as an opportunity to increase its "black" budget, a line item that is approved by a Congress oblivious to the details. Because the CIA considers these funds insufficient for its global operations, surreptitious activities like Operation Condor offer opportunities to increase its finances by selling arms, medicines, and illicit drugs, and offering clandestine transportation, protection, and communications services to the highest bidder.

Although the propaganda machine was extremely effective at covering all this up (or putting a pro-democracy, anti-Communist spin on it), during the last years of my EHM career, in the late 1970s, I became increasingly suspicious. The shame, anger, and guilt building in me because of the role I played were major factors in convincing me to quit.

The truth only began to emerge during congressional hearings when the 1985–87 Iran-Contra Affair was exposed as a CIA scheme implemented by the Reagan administration to sell weapons to the Islamic Republic of Iran, which was under a US arms embargo. The proceeds financed the right-wing Contras who opposed the Socialist government of Nicaragua. Although illegal and contrary to Reagan's rhetoric, it was a classic example of CIA and EHM collaboration. Those hearings opened a window on Operation Condor and many other clandestine US activities. Latin Americans would not forgive the US for its oppressive, undemocratic actions.

The US and its allies won the Cold War, the Berlin Wall crumbled, and the Soviet Union collapsed in 1991. Lacking the leverage of an alternative superpower, LAC leaders grew more vulnerable to EHM tactics. Neoliberalism proliferated. Resentment grew as Latin Americans felt exploited by Washington's hawkish politics and corporate greed and impotent to counteract it.

I was in Ecuador in 2002 when the backlash rose to a crescendo following the failed CIA-supported coup against Venezuelan president Hugo Chavez. That failure was an eye-opener. It convinced many other countries that the US was a paper tiger; they could replace right-wing Washington cronies with more liberal leaders.

Dubbed in the US as the "pink tide" of 2002–18, many Latin American countries—Argentina, Bolivia, Brazil, Chile, Costa Rica, Ecuador, El Salvador, Mexico, Nicaragua, Paraguay, Peru, and Uruguay—elected leftist heads of state. Crimes committed by the US-backed unelected right-wing governments were finally exposed. The new heads of state emphasized self-determination, more egalitarian social systems, and economic autonomy. They turned to Beijing as leverage against Washington.

Xi's quick response with promises not to interfere in local politics and to connect LAC countries with one another and the world was a successful strategy. Trade between China and LAC nations jumped from $17 billion in 2002 to almost $315 billion in 2019. In less than two decades, China became the top trading partner of Brazil, Chile, Peru, and Uruguay and the second-largest trading partner for many other countries.[6]

Ecuador continued to live in the shadows of its former president Rafael Correa, who remained in Belgium. During the 2021 elections, the right-wing, pro-business former banker and finance minister, Guillermo Lasso, advocated cutting taxes and social programs and railed against Correa's

Socialist policies. Although he won the presidency against pro-Correa Andrés Arauz, his victory appeared to have more to do with personality than philosophical leanings. As *Foreign Policy* reported:

> *Arauz ran as the handpicked successor of the populist former leader Correa and promised to return Ecuador to the era of Correa's "Citizens' Revolution": a period from 2007 to 2017 marked by high growth and the emergence of a new middle class. . . .*
>
> *Lasso will take office as an isolated president with a weak mandate, given the balance of parties in the recently elected legislature. The top three left-wing parties and coalitions hold almost 70 percent of the seats.*[7]

However, despite his right-wing leanings, Lasso continued to court China. He flew to Beijing, attended the 2022 Winter Olympics, and tweeted, "In China we had a productive meeting with President Xi Jin-ping. We achieved great results in commercial openings, cooperation in health and debt re-negotiation." The two countries signed an agreement for a trade deal that would increase Ecuadorean exports of shrimp, bananas, cacao, various fruits, and minerals.[8]

Two other key LAC countries where I once worked as an EHM also offer insights into China's current strategy.

Argentina: Debt without Benefits

In 2004, Argentine President Néstor Kirchner signed an agreement that formally made his country and China "strategic trade allies." Kirchner bragged that "Argentina has concluded the most important trade mission in all its history."[9]

By 2020 China had become Argentina's leading partner in trade. The Chinese state-owned bank ICBC established itself as one of Argentina's important financial institutions. China's largest food company, Cofco, built a processing plant in Argentina and became the nation's number one exporter of grains, an essential source of foreign trade. Eighty-five percent of meat exports, 63 percent of the total hard currency earned by foreign trade, and 45 percent of Central Bank reserves depend on China. The Chinese oil company SINOPEC is second only to Argentina's own YPF. China was taking over the energy sector. Its companies developed two

hydroelectric facilities and one of Latin America's largest solar plants in Argentina.[10]

To make matters worse for the US, the specter of Washington Consensus debts continued to haunt Argentina. The *New York Times* reported in January 2020:

> *(President Alberto) Fernández inherited an economic disaster of monumental proportions. . . . The most pressing problem is the country's $57 billion debt to the International Monetary Fund, extended perhaps irresponsibly by the institution and largely used irresponsibly by Mauricio Macri, Mr. Fernández's predecessor.*[11]

I had the opportunity to discuss these issues with Lucas Pedró, a professor of economic sciences from the National University of Buenos Aires, and Ana Argento Nasser, a specialist in social communications and research and planning from the National University of Córdoba, in 2020. They were participants in the Economy of Francesco, a program inspired and convened by Pope Francis that is considered one of the world's most important movements of young economists, entrepreneurs, and change makers ("life economists," to use their term), and I was one of the lecturers in a virtual program.

"It is important to note," Lucas said, "that the $57 billion debt Argentina owes to the IMF was used mostly for financial speculation and not for industrial development. So today we have a very large debt without any real benefits to show for it."

"The loan," Ana added, "was not made public or approved by our people. The media were complicit in this and in supporting the wishes of the American embassy and its neoliberal policies."

"Economically speaking," Lucas continued, "every time the US intervened in our economy through the IMF, the results were disastrous. From the 1970s to the present, whenever our government aligned itself with US economic policy, it brought gains for a few and crises and pain for the many. The United States and the IMF historically propose adjustment policies for our people. We believe that the conditions of Chinese loans are not so harsh."

Panama: Gateway to the World

After the US's 1989 invasion of Panama, every US president worked to establish better relationships with the country. This was particularly important given the canal's strategic role for the US Navy and the fact that more than 70 percent of all cargo ships traveling between the Atlantic and Pacific to the US pass through the canal.

Every president, that is, until 2017. An editorial in the *St. Louis Post-Dispatch* concluded:

> *Under President Donald Trump's watch, Washington has stood idly as China rolled into Panama and established a major hemispheric foothold alongside a waterway essential to U.S. commerce and national security. . . .*
>
> *Access to the canal is vital for U.S. military vessels, including nuclear submarines. Few waterways carry higher strategic importance for the United States, which is why the U.S. militarily occupied Panama for nearly a century.*[12]

And from *The Diplomat*:

> *This increasing influence was crystallized during a state visit to Panama by Chinese President Xi Jinping in December 2018 [that] culminated in 19 cooperation agreements in trade, infrastructure, and other areas.*
>
> *On the economic front, China secured agreements on significant infrastructure projects such as the building of a high-speed train as well as financial service deals between banking institutions to presumably fund such projects.*[13]

The day after President Xi's 2018 visit, Beijing invested $1.4 billion to construct a new canal-spanning bridge. Panamanian president Juan Carlos Varela gleefully announced, "Panama is moving ahead in its relations with China and without a doubt this project that begins its construction today is part of that message and trust between the two countries."[14]

China's influence continued to grow after Laurentino "Nito" Cortizo won Panama's 2019 presidential election. Chinese companies signed deals that give it control over much of the port activities at both ends of the canal. *Foreign Policy* reported that in Panama:

> *a tidal wave of Chinese investment is in the works. Major infrastructure projects and an imminent free trade agreement will allow Panama, a country of 4 million people, to maximize its potential as a hub for regional trade, manufacturing, and logistics and ease the strain on a financial services industry damaged by the Panama Papers. In return, for a relatively modest outlay, China is poised to become the most important commercial partner in a country that controls a key chokepoint of world trade.*[15]

Panama offers a particularly relevant example of the failure of the US EHM strategy in LAC countries. When one considers President Reagan's open hatred of Panama's Omar Torrijos, the US's determination to hold on to a canal that was a blatant symbol of colonialism, the highly suspicious airplane crash that took Torrijos's life, and the US invasion that killed thousands of innocent civilians, it is easy to understand why Panamanians resent US policies and turn increasingly to China. It is more difficult to comprehend the reluctance on the part of Washington, the American people, and especially the current team of US EHMs to recognize our blunders and take actions to rectify them.

Insights

Despite China's growing influence, its third wave of EHMs have made many mistakes. Projects like the massive hydroelectric and mining facilities in Ecuador, the importation of Chinese laborers, the insistence on using Chinese equipment and replacement parts, and the accumulation of debt have all contributed to a growing distrust of Beijing's motives. In addition, there are strong ties between Latin Americans and their northern neighbor. Many have family and friends in the US. On countless occasions, I've heard them express a deep respect, even love, for us as a people, regardless of their opinions of US government and corporate actions.

Typical was a discussion I had with a group of university students in Cartagena, Colombia, in December 2019. We watched the sun set over the Caribbean from a bar atop the massive seventeenth-century wall that surrounds the colonial city.

"Our government is flirting with China," one of the young men said. "But we've been dating the US for many years."

"We love you as a people and a place to visit and even live in," a woman added. "But we hate the way your government treats us." She paused. "Most important is we know that unless we can all work together there won't be much of a future for the children I want to have someday soon."

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Asia

In contrast to its meteoric rise in Latin America, China's involvement in Asia goes back millennia. Its most recent march to dominate the continent began shortly after World War II.

Mao's tactics were driven by the goal of spreading revolution and Communist parties throughout Asia.

Nowhere was this more evident than in Indonesia and the rapid ascendance of the Communist Party of Indonesia (PKI). With US support, the Indonesian army struck back in 1965–66. The Communist Purge massacred between five hundred thousand and three million people (see Chapter 7). By the time I arrived in Jakarta on my first EHM assignment in 1971, the violence had pretty much ended; the US and especially the CIA were praised for bringing right-wing General Suharto to power.

Indonesia was just one example of the regional turmoil. Mao's draconian policies spread fear and anger throughout the region. US EHMs saw an opportunity to present America as protector. However, the Vietnam War made implementation of the US EHM strategy in Asia difficult. America, the country that had defeated Japan and been praised throughout Asia as the hero of World War II, now was distrusted as one that napalmed innocent civilians. And, as it became more and more apparent that the world's most technologically sophisticated, best-funded military was falling to defeat, the US was viewed as inept in warfare, divided as a people, and increasingly dysfunctional as a democracy.

After Mao's death, China's new leader, Deng, understood the fallacies of the Cultural Revolution and saw a way to benefit from America's mistakes. His tactics aimed at gaining the trust of other countries and tapping into the financial resources of overseas Chinese businesses. He cut off Beijing's support for foreign Communist parties and made it clear that he expected

Chinese people to be loyal to the countries where they lived, not to act as proxies for Beijing. Instead, he encouraged them to trade with and invest in China.

By the time I started to write *Confessions* in the late 1990s, it had become clear that our legacy in Vietnam and our EHM strategy had severely undermined American credibility. Then came September 11, 2001. The anti-Muslim demonstrations and violence that swept the US further damaged the image of a nation that promoted itself as a melting pot of nationalities. In a move that turned out to be a strategic catastrophe, Washington cut back its involvement in Asia, except for Afghanistan, and committed more and more resources to wars in Iraq, Syria, and other parts of the Middle East.

I developed a greater comprehension of the true magnitude of our failing strategies and China's successes when I visited Vietnam.

Vietnam: Deep Wounds

Long before Kiman and I met, she had traveled frequently to the Asian countries where her nonprofit supported schools, vocational training centers, businesses, and projects that helped people injured by landmines and other war ordnance. After I joined her advisory board in 2013, she invited me to accompany her and members of her staff to Myanmar, Thailand, and Vietnam. The country I'd so struggled to avoid during my draft-eligible years was an eye-opener.

As I sat in a Vietnamese government agency in Hanoi, I was handed a photograph album. It opened to a picture of President Richard Nixon waving his hands at the camera. The caption, in both Vietnamese and English, read, *Prior to the evacuation of American forces from Vietnam, Nixon announces "a final drive to victory that will bomb them back to the stone age." US aircraft dropped more than 20,000 tons of explosives on North Vietnam. More than 1,000 Vietnamese died.*[1]

Snapping photographs of the album's pages, I spoke to the government official who sat across from me. "Surely," I said, "Nixon knew he was about to withdraw American troops, that the US had lost the war."

The official nodded solemnly.

A lump rose in my throat. I felt sad and angry as I thought about the wanton destruction, the ruthlessness, and the inhumanity of American actions. What had Nixon and his generals been thinking? Even if they lacked compassion for children and civilians, did they not realize that their actions turned people against us?

The album included recent pictures of victims of Agent Orange and landmines, heart-wrenching images of men, women, and children with stumps where there should have been arms and legs. Then came statistics that I photographed.

- Approximately 14 million tons of ordnance were dropped on Vietnam by US forces (1959–75), three times the bombs used by the Allies in World War II.
- About 30 percent failed to detonate; unexploded US ordnance (UXO) still threatens civilians.
- Buried bombs and mines claimed more than one hundred thousand victims since the end of the war.
- Near the former Demilitarized Zone between North and South Vietnam, 80 percent of the land today is contaminated by UXO.[2]
- More than 3 million Vietnamese suffer from the effects of Agent Orange.[3]

I was haunted by questions. When will it stop? What will it take to recognize that such actions destroy the perpetrators as well as the victims? And that today we threaten to destroy life on this planet? And then of course, the question of our time: What about China?

Although China assisted North Vietnam during the war, relations deteriorated following Vietnam's 1975 reunification. Vietnam drove the Chinese-supported Khmer Rouge from Cambodia; in retaliation, China invaded Vietnam. Hostilities continued until 1990. Since then, China's EHMs have been active in Vietnam, setting up factories and other businesses and negotiating trade and investment deals. The similar Socialist aspects of their forms of capitalism facilitate diplomatic relations. Both countries have worked to settle disputes, especially those around South China Sea activities. Chinese officials are quick to exploit memories of the

US war—fear and divide and conquer. China's military, they say, protects Vietnam from another invasion.

In recent years, China's third EHM wave has been effective. Beijing's influence has continually grown, while that of the US has plummeted. By 2021 the gap was wide:

> *The latest Vietnam Asian Barometer Survey (ABS) data, released March 2 [2021], found that more than 50 percent of Vietnamese respondents believed that China has the most influence in Asia, while only 14.67 percent chose the United States. . . . China has been the largest trade partner for Vietnam for 15 years, and Vietnam has benefited greatly from that.*[4]

China became the first country to have a bilateral trade value of $100 billion with Vietnam; 2020 was the third year it reached that milestone. Vietnam's exports of nearly $40 billion to China include computers, smartphones, apparel, footwear, and machinery. China also surpasses the US in investments.[5]

However, some experts have cautioned that the rising imports and the resulting acceleration in the trade imbalance, along with the mushrooming investments from China, are liabilities. There are the problems found in Latin America—the insistence on hiring Chinese companies and laborers, poor working conditions, faulty engineering and construction, and human rights issues; in addition, there is criticism that Chinese companies are manipulating Vietnamese businesses to avoid "made in China" labels.

The Institute of Southeast Asian Studies summarized an important political issue:

> *China has a history of using trade as a weapon to punish countries with which it has disputes. . . . Vietnam's growing trade deficit with China and its overdependence on capital goods and intermediate goods imported from China are economic vulnerabilities for the country. Due to escalating tensions in the South China Sea, these issues have been considered as a matter of national security for Vietnam.*[6]

Furthermore, Vietnam offers a glaring example of the substandard construction practices that plague China's projects in so many places. *This Week in Asia* contrasted the success of a Japanese project versus a Chinese one in two Vietnamese cities:

> *For the first time in their histories, Ho Chi Minh City and Hanoi are both in the middle of desperately needed major metro-system projects that aim to transform their cities. Both are facing delays, but a series of high-profile accidents has already cast a larger shadow over the Chinese-led effort in the capital.*

> *In contrast, the metro project led by Japanese conglomerates in Ho Chi Minh City has been accident-free. This feeds into longstanding assumptions in Vietnam about the perceived superiority of Japanese workmanship and engineering.*[7]

ASEAN and RCEP: The World's Largest Trading Bloc

China's EHMs have continually gained momentum in the nine other countries (along with Vietnam) of the Association of Southeast Asian Nations (ASEAN): Brunei, Cambodia, Laos, Malaysia, Myanmar, the Philippines, Indonesia, Singapore, and Thailand.

China's EHMs make it a point to attend ASEAN meetings where they tout the benefits of the New Silk Road and accompanying infrastructure investments. Trade between the ten countries and China skyrocketed from 1991 to 2020 at a 17 percent average annual rate. As reported at the September 2021 China International Export Expo:

> *China has maintained its status as ASEAN's largest trading partner for the 12th consecutive year. In the first eight months of this year, China's imports and exports to ASEAN were $553.92 billion, an increase of 33.3 percent. . . .*[8]

China's EHMs also encourage ASEAN nations to invest in Chinese businesses. China's ambassador to the Philippines, Huang Xilian, summarized this in a 2021 speech:

> *Our two-way investment was booming. . . . As of June this year, accumulated mutual investment between China and ASEAN exceeded US$310 billion, with cooperation booming in sectors such as manufacturing, agriculture, infrastructure, high-tech, the digital economy, and the green economy.*[9]

Then, Beijing created the world's biggest trading bloc. The 2020 Regional Comprehensive Economic Partnership (RCEP) united China and the ASEAN countries with Australia, Japan, New Zealand, and South Korea. China's EHMs had engineered a vital link in the road part of the Belt and Road Initiative. The fifteen countries account for about 30 percent of both the global population and GDP. By uniting countries with long histories as enemies, RCEP sent another message that China was ending the divide-and-conquer strategy.

The country of my first EHM assignment offers a striking example of the shifting balance of powers.

Indonesia: Gateway to ASEAN

Just before sending me to Indonesia in 1971, Claudine filled me in on the history of the Indonesian Communist Purge and the US's role in bringing Suharto to power. Yet, despite his debt to Washington, Suharto was openly flirting with China. My assignment, Claudine said, was to make sure the country became an American ally.

During numerous trips to Indonesia in the 1970s, I visited existing industrial plants and potential project sites in locations that varied from Jakarta, Bandung, and other urban centers to remote islands like Sulawesi. I met with national and local officials, business executives, and entrepreneurs. Drawing on each of the four pillars, I did my best to instill a fear of a Communist invasion from China, the Soviet Union, and—as part of divide and conquer—their Communist allies in Cambodia, Laos, and Vietnam. I promoted expectations of increasing prosperity through large loans to build infrastructure throughout the archipelago.

Indonesia was then and continues to be extremely important because of resources that include oil, gas, tin, gold, coal, nickel, copper, silver, and bauxite. It has become the tenth largest manufacturing nation in the world with products like electrical appliances, rubber items, and apparel.[10] It is essential to international transportation because it controls the heavily trafficked Malacca Strait.

The US EHM strategy initiated in my time was largely successful for nearly fifty years. Indonesian politicians often referred to America as their country's "best friend"—until President Trump's election. Souring the relationship were Trump's nationalistic, racist, "shithole countries" rhetoric; his pattern of breaking past agreements; and especially Secretary of State Mike Pompeo's attempts to force Jakarta to oppose China's claims in the South China Sea.

Nonalignment is vital to Indonesia's foreign policy, given its centuries-old history with and proximity to China, along with China's growing military and economic power. Pompeo's pressure was a huge mistake.

Divide and conquer was not going to work. American insistence that China's South China Sea military presence threatened Indonesia was rebutted by Beijing's promises of protection against all potential foes.

China's third EHM wave took advantage of Washington's blunders. According to the New York–based news service *SupChina*:

> *This April [2021], Indonesian president Joko Widodo told Chinese president Xí Jìnpíng 习近平 that China was a "good friend and brother." China-Indonesia cooperation on trade, industrial parks along the Belt and Road Initiative (BRI), and venture capital have since flourished. . . . Indonesia's improving relations with China, which could significantly challenge America's leadership in the Indo-Pacific, offers an important lesson for U.S. foreign policy: Other countries don't want to just be used to counter China.*[11]

China's EHMs invoked the four pillars. They instilled fear of North Korea and the "unstable US," underscored the protection of China's military, advocated debt to finance projects that would end extreme poverty, and promoted a transition from the divide-and-conquer anxieties Washington had promulgated around perceived threats from Cambodia, Laos, Vietnam, and China itself to a vision of a world united by the New Silk Road. It worked.

In 2020, the total value of China's trade with Indonesia, at $78.5 billion, made it the top trading partner for the seventh consecutive year, far exceeding the US's $27.6 billion. Chinese companies invested heavily in Indonesian steel projects, industrial parks, nickel sulphate and copper processing facilities, a lithium chemical plant, and a newly created hightech conglomerate, GoTo, which is Indonesia's largest-ever deal, worth an estimated $28.5 billion. Driven largely by Chinese investments, Indonesia now has the largest number of billion-dollar startups in southeast Asia.[11]

China also became Indonesia's biggest infrastructure developer. Its EHMs arranged loans to hire Chinese companies to build highways, ports, electrical generating plants, and other projects. Indonesia's debt to China increased to more than $17 billion in 2019, up 11 percent from 2017.[12]

Perhaps the most significant action was a currency agreement Jakarta signed with Beijing that expands the use of the yuan in the region, thus threatening the dollar as the world's principal currency. The dollar's dominant position enables the US to pull itself out of foreign debt by printing money and is the underlying factor behind Washington's ability to enforce economic sanctions against other countries. Part of Beijing's long-

term EHM strategy is to replace the dollar with the yuan as the favored global currency.

The rapid growth of China's involvement in Indonesia is not without its critics. As in other countries, there is resentment over the requirement that Chinese companies use Chinese managers and workers, rely on China-made parts, downplay human rights, allow shoddy construction, and pressure Jakarta to support Beijing's policies. Opposition Indonesian politicians have accused Beijing of "debt-trap diplomacy." They are quick to point to the crises Chinese money has caused in other countries, especially Sri Lanka:

> *Indonesia must be careful to avoid the experience of Sri Lanka, which lost the majority of its control over a port in Colombo to China due to debt defaults. . . .*
>
> *The port [Hambantota] opened in 2010, but the Sri Lankan government has struggled to repay the debt with the project incurring heavy losses. . . . Colombo now owes China a total of US$8 billion.*
>
> *This huge amount of debt forced [the] Sri Lankan government to hand over control of the port to China.*[12]

Another major problem for China is religion. Indonesia has the largest Muslim population in the world. Crimes against the Uyghurs and other Muslim groups infuriate Indonesia's powerful Islamic community.

The Rest of Asia

Equally important as what has been happening in Southeast Asia are events in the rest of Asia, especially in former Soviet countries that now form a vital link between China and Eurasia. As reported by the Observer Research Foundation:

> *Relations of China with the five Central Asian states—Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan—have witnessed impressive growth over the thirty years since Central Asia attained independence from the Soviet Union in 1991. . . . The Belt and Road Initiative (BRI) has further enhanced the significance of Central Asia for China by connecting it with Europe and the Middle East. . . .*[13]

My 2017 trip to Kazakhstan offered the opportunity to learn firsthand about a region that seldom makes the headlines in the US, despite its role in shaping the future. In addition to hearing informative speeches at the Astana

Economic Forum and meeting with other participants, I was invited to dine with Kazakhstan's president, Nursultan Nazarbayev, along with a select group of other speakers. I felt honored to receive such an invitation—until I learned disturbing details about my host.

Prior to the breakup of the Soviet Union, Nazarbayev held important positions in the Soviet Communist Party. He was portrayed in the American press as a vicious Cold War warrior. According to the journalist Greg Palast: "Nazarbayev, once a brutal Soviet KGB chief, found religion and became the brutal Islamic chief. His gendarmes arrested anyone who so much as breathed a word [against him]."[14]

Nazarbayev opposed everything I'd done as an EHM. It begged the question: Why invite me to his presidential palace?

Kiman tried to dissipate my anxiety. "He's not likely to harm an American speaking at an important international conference he's hosting." She paused. "Of course, he may want to humiliate you." She gave a coy smile. "But you can't really refuse, can you?"

On the day of the dinner, our small group was hustled through the vast Ak Orda Presidential Palace. Escorted by guards who had confiscated our cell phones, cameras, keys, and anything else that aroused their suspicions, we moved at a dizzying pace from one massive hall to another. We were dazzled by shining gold adornments, glistening chandeliers, marble columns, and floors that swirled with intricate designs.

At last, we were ushered into a room with a long table elegantly set for dinner. President Nazarbayev stood waiting for us. Then I was shaking his hand. A man in a black suit next to him muttered something in Kazakh.

Nazarbayev smiled. "The economic hit man." He bowed his head slightly.

Fingers tightened around my arm. I stepped back and looked at a guard who pointed toward a small flag on the table with my name on it. I went to it.

Chairs scraped the floor. We seated ourselves.

Nazarbayev settled himself at the head of the table. He glanced around at each of us, nodding, welcoming us, and then described his country as the ideal place to do business. Kazakhstan, he said, was the only former Soviet country that has excellent relations with Russia, the United States, and the European Union, and is a key partner with China in the New Silk Road. As

I scribbled notes, he defined his country as "the buckle in the belt of the New Silk Road," connecting China with the Middle East, Russia, Europe, and Africa. He summarized the benefits "this world-changing project" would bring "across the planet." Then, he invited us to go around the table, introduce ourselves, and explain our reasons for being at the summit.

The speakers who preceded me had personal connections with Nazarbayev. He recognized them as "my friend from . . . ," "my old comrade in arms," and similar phrases. Expecting to be humiliated when my turn came, I felt my stomach knot. I tried to craft a humorous but polite response, words to deflect the criticism. I barely listened as one guest after another praised the president and then gave a short speech about his role in the New Silk Road.

Then the man seated on my right stopped talking and turned to me.

"Now," Nazarbayev said, "Our guest from the United States." He smiled. "The economic hit man."

I stared at him, waiting for more. He opened his hands in a gesture that summoned me to speak.

That was it? I let out a breath. "Thank you, Mr. President." Beyond that, I don't remember the details. I was too shocked. I vaguely recall parroting words I'd repeated many times—a brief description of the way we EHMs had created a death economy and the importance of transforming it into a life economy. I think I had the presence of mind to end by diplomatically praising Kazakhstan for the role I was sure it would play in facilitating this transformation.

When Nazarbayev thanked me and turned to the next person, I sank into my chair, greatly relieved.

I came away from my time in Kazakhstan with a sense that the US government and media have presented a very incomplete and rather biased view of that country and its neighbors.

In the years since that dinner, I've watched China continue to become Kazakhstan's fastest-growing market; exports increased in value by 90 percent from 2016 to 2019, imports by more than 55 percent. Nazarbayev's claims about his country's importance to the New Silk Road have proven true. As reported by the Observer Research Foundation:

> *Kazakhstan, Central Asia's largest and most prosperous economy, has enthusiastically embraced its partnership with China, projecting itself as the "buckle" in the BRI project to*

economically and financially benefit from the new investment and connectivity opportunities provided by Beijing.[15]

China is the number one trading partner with every one of the former Soviet countries in the region. Between 2015 and 2019, goods exported from Central Asia to China increased by 35 percent, while goods exported from China to Central Asia increased 49 percent.[16]

Yet there is a dark side. The region has experienced the problems that haunt China's projects elsewhere, including oppressive working conditions, pollution, poorly engineered facilities, and pressure to support its New China Sea and minority policies. And, as in Indonesia, religion is an issue. With a population that is more than 70 percent Muslim, Kazakhstanis worry about the Uyghurs who live in neighboring Xinjiang province. From the *Washington Post*:

Analysts note an uptick in anti-Chinese sentiment in Central Asia after Xi called for a "great wall of iron" in 2017 to protect against unrest in Xinjiang—a key gateway to BRI projects. Beijing's clamp-down has spiraled into religious repression and internment camps detaining up to 2 million Muslims in Xinjiang, including ethnic Kazakhs and Kyrgyz.[17]

These days, when I read about internment camps, I must admit that I recall my visit to Vietnam in 2013. I spent several hours in what Americans referred to during the war as the Hanoi Hilton. A dungeon-like prison where captured US soldiers were held, it is now a museum that is a dark reminder of the tragedy of that war, the death, the destruction, the suffering, and the impact it had on Vietnam, the US, and much of the world.

The Vietnam War marked the beginning of a huge change in the EHM strategy. The pillar of fear of the US had dominated that strategy following the emergence of history's most powerful military at the end of World War II. The American army had played a critical role in helping South Korea keep Communist North Korea above the thirty-eighth parallel (the "demarcation line") in the 1950s. During the Cold War it could instill enough fear to prevent the Soviet navy from landing missiles in Cuba in the early 1960s. However, Vietnam ended all that. By the 1970s, the Pentagon had shown itself incapable of defeating a much smaller country that had far inferior weapons. Perhaps even worse, American soldiers were demoralized, drugs were rampant among US personnel, and the American people became deeply divided. The war was a major factor in ending Lyndon B. Johnson's presidency and serving notice to future presidents for

nearly two decades that war was not a viable option. As a result, the pillar of fear was replaced by debt; the first modern EHM wave that had been building since Kermit Roosevelt's 1953 success in Iran crested during the 1970s.

Wandering through the dark cells of the Hanoi Hilton, I kept thinking about the part I'd played in shaping that EHM strategy. I asked myself: Would the world be better off if I'd fought in that war, ended up in that prison, or died on the battlefield?

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Africa

My professional introduction to Africa began in 1972 when Mac Hall, MAIN's chairman and CEO, summoned me to his office. I figured he was going to congratulate me on my recent promotion to chief economist.

I was wrong. He never mentioned the promotion. Instead, he described his adventures as a young engineer traveling up the Congo River in the early 1900s. He was exploring the potential for hydroelectric development.

He had assessed the energy-generating possibilities as huge. "However, we didn't proceed," he said. "There wasn't enough local demand and no way to transport electricity to other parts of the continent in those days. But now . . ." He went on to explain that industries like aluminum required tremendous amounts of energy, that hydropower was the only way to provide it to them economically, and that they could use bauxite from nearby Guinea and build their processing plants next to the river. He referred to Zaire (now the Democratic Republic of the Congo, or DRC) as "the treasure chest for the future," emphasizing that it and nearby countries had vast mineral deposits, including copper, cobalt, and uranium, that would become increasingly important to the world. He mentioned that the region provided the uranium used in the US atomic bomb at the end of World War II and that Washington made large investments to protect US mines there. Then, my assignment: convince the World Bank to hire MAIN to develop a massive hydroelectric project on the Congo River.

I compiled statistics on Zaire and its neighbors, especially mineral-rich Angola, and wrote an extensive report for the World Bank that stressed the benefits of building a dam and power plant on the Congo River with transmission lines fanning across the region. The report ended by proposing that MAIN take the lead. Not only would we design and engineer the entire

project, but we would also promote it with aluminum and mining companies.

Not long after finishing that report, I was summoned to the office of MAIN's president, Jake Dauber, Hall's second in command. After assuring me that he and Hall had been impressed by my Congo report, he assigned me another study in Africa. This one would advocate MAIN as the developer of a vast industrial park in Liberia; it included a high-voltage transmission line from the proposed Congo dam that could serve a dozen West African countries.

The studies concluded that Zaire, Liberia, Angola, and their neighbors would experience remarkable economic growth because of the facilities engineered by MAIN—the perfect EHM strategy. Both Hall and Dauber expressed confidence that we would get the green light.

However, the World Bank prevaricated. Word came down that its executives were reluctant to finance African projects. Increasingly, the continent was viewed as politically unstable; investments there were earmarked as extremely risky.

After that, I attended meetings when MAIN's top management discussed the company's options around the world. In the end, Hall agreed that the World Bank was right: Africa was just too risky. I was directed to seek World Bank funding for Latin American projects and ones financed by oil-rich Iran and Saudi Arabia.

Despite the failure to move us forward, my reports on Zaire, Liberia, and Angola exposed me to two important facts: Africa is tremendously wealthy in natural resources and its people suffer from extreme poverty. These factors combine to make that continent the target of exploitation by governments and corporations.

Africa Turns from West to East

Africans have long been plagued by colonialism, corporate exploitation, and corrupt local leaders who, instead of leveraging their resources to benefit their people, collaborate with foreigners and line their own pockets.

Although Africa had experienced invasions from Egyptians, Romans, and Arabs for centuries, the colonial European empires that invaded the

continent beginning in the 1500s caused economic and cultural impacts that changed the geopolitics of the entire region forever. As they enslaved and destroyed indigenous cultures, the Europeans established arbitrary boundaries, creating entities that divided people into what they defined as countries, and enforced languages, educational systems, and institutions that supported their commercial interests and facilitated the exploitation of Africa's resources.

The four pillars once again supported the superstructure of domination. European military force was combined with various forms of indebtedness and promises of prosperity. Divide and conquer rose to new levels and fed the transatlantic slave trade. Tribal leaders quickly learned that to survive and profit they had to cooperate with the invaders and often go to war with their neighbors. Foreign exploitation continued until the independence movements of the 1950s and 1960s ended direct colonial rule. However, African leaders had learned their lessons. They drew on cultural and tribal differences to maintain brutal, autocratic governments. Long-held animosities and disputes over mineral rights and other issues generated discord, armed conflicts, and outright warfare across much of the continent. US EHMs recited the mantra "we're not European colonizers," but their strategies nevertheless reinforced the power of local dictators, as long as the dictators conceded to the demands of US corporations.

A *Global Justice Now* report exposed how funds that purported to "support improvements to agriculture and food security in Africa . . . are in fact geared towards helping multinational companies access resources and bring about policy changes to facilitate those companies' expansion in Africa." The report revealed that "the pro-corporate approach of [such] initiatives . . . is likely to exacerbate hunger and poverty through increased land-grabbing, insecure and poorly paid jobs, the privatisation of seed and a focus on producing for export markets rather than to feed local populations."[1]

The presence of US military forces and training units intensified feelings of distrust among many Africans. Reports circulated widely of civilian deaths resulting from American involvement in more than forty nations, and the US's role in supplying equipment to countries like Saudi Arabia that have killed civilians in Yemen, Sudan, and other African nations. African journalists frequently expressed dismay at Washington's apparent lack of

understanding that although ruthless dictators may welcome foreign military assistance, the people detest it.

Beijing was quick to take advantage of most of the continent's growing disillusionment with the US and Europe. China-African trade increased by 700 percent during the 1990s.[2] China's EHMs understood what their US and European counterparts seemed to miss, that the rewards far exceeded the risks. China's direct foreign investments in Africa skyrocketed, as reported in *The Diplomat*:

> *Chinese FDI stocks in Africa grew nearly 100-fold over a 17-year period—from $490 million in 2003 to $43.4 billion in 2020, peaking in 2018 at $46.1 billion . . . ahead of the United States since 2014.*[3]

At the 2018 Beijing Summit of the Forum on China-Africa Cooperation (FOCAC), China pledged financial support to all the "emerging markets" on the continent that would join its New Silk Road. The African nations signed an agreement with China to "jointly defend the core national interests of each other as well as the interests in developing countries as a whole." Yun Sun, a Brookings Institution fellow and director of the China Program at the Stimson Center, wrote:

> *The "new model of international relations," or the "democratization of the international relations," has long been the focus of China's effort to reform the international system to give China and its allied developing countries a bigger voice and more power. By tying African countries into that narrative, China is consolidating the foundation for its bid to shape a new international order. The political message to the U.S. from the FOCAC Summit is clear through the joint statement: Without naming names, China and Africa both opposed protectionism and unilateralism, pledging their support for an open world economy and the multilateral trade system.*

The US EHM strategy was being exposed for its unilateral and self-serving aspects, while China was claiming that its infrastructure projects would connect African countries to each other and to a New Silk Road that benefits everyone. "Divide and conquer" was being replaced by "unite and prosper." Yun Sun went on to explain President Xi's "five no" approach to foreign policy. Referring to Africa specifically, Xi committed to:

> *"No interference in the development paths of individual countries; no interference in their internal affairs; no imposition of China's will; no attachment of political strings regarding assistance; and no seeking of selfish political gains in investment and financing cooperation."*[4]

Whenever I hear such rhetoric, it strikes me as coming right out of our first-wave EHM playbook. While we didn't claim that we wouldn't seek political gains, we did couch our promises in terms of "your country will benefit by adopting our democratic system of government." I shudder when I recall how often I said such things, and how insincere those words were, since we supported brutal dictatorships if they accepted our loans and offered their resources cheaply to our corporations.

China's rhetoric is equally deceptive, because it does in fact interfere in other countries' internal affairs—especially around hiring workers and other labor practices, enforcing environmental regulations, and overseeing its construction projects—and insists that debtor countries back its politics toward Taiwan, Hong Kong, Tibet, and minority groups. Yet the words of China's third-wave EHMs are seductive to countries that have suffered centuries of colonial abuse. China's "If you want your country to prosper, accept China as a partner in global trade that will not interfere in your government" sounds a lot better than the US's "If you want your country to prosper, accept loans from the Washington Consensus . . . and submit to neoliberal policies." China's EHMs understand that trade works far more effectively than coercion in today's world.

By 2021, China had become the dominant force in Africa: the biggest bilateral trading partner, largest bilateral lender, and one of the most influential foreign investors. From the Observer Research Foundation:

> *Chinese companies have entered almost all African markets. Today [2021] there are more than 1,000 of them operating in Africa; some one million people of Chinese descent reside in the continent. Many of these Chinese companies in Africa are privately owned, while others are wholly or partly state-owned. Within this framework, Chinese companies have great degrees of freedom to operate in Africa on market terms, in addition to being backed by Chinese investment capital on favourable terms.*[5]

Angola: The Bellwether

Angola has been referred to as a bellwether by people at the US State Department, CIA, and World Bank who specialize in Africa. By this, they mean that Angola is an indicator of trends.

The country was important to the studies I'd completed for Hall and Dauber in the early 1970s. It bordered Zaire, was one of the richest nations

in the world in natural resources, and needed inexpensive hydroelectric electricity to exploit those resources. It was also one of the poorest countries when measured by standards of living. Its life expectancy was—and is—among the lowest, while its infant mortality rate is among the highest. Because of its vast deposits of oil, diamonds, and essential minerals, in the 1970s Angola was a Cold War battleground between the US and Soviet Union.

A little-known fact about Angola: despite its location in Africa, its impact on Latin America was significant. It helped justify Operation Condor.

In late 1975, Angola gained independence from Portugal and established itself as a Marxist-Leninist state. A devastating civil war erupted between the ruling faction, the Soviet-backed People's Movement for the Liberation of Angola (MPLA), and the pro-America National Union for the Total Independence of Angola (UNITA). South Africa and Zaire joined the US in supporting UNITA. To avoid direct confrontation with the US, the Soviets recruited Cuban troops and paid them to fight alongside MPLA forces. The Soviets had learned from the Pentagon's use of foreign militaries (in the US case, the right-wing dictatorships of Argentina and Chile under Operation Condor's predecessor, Plan Condor). By 1976, Cuban "advisers" exceeded thirty thousand.

Washington spread the word that the Soviets' willingness to employ Cubans as surrogates in Angola was a testing ground for the Communists' Latin American strategy. I well recall World Bank president and former US secretary of defense Robert McNamara warning a group of us at a 1976 meeting in Washington, DC, that although the Soviets had failed to install missiles in Cuba during the 1962 Kennedy-Khrushchev confrontation, they were determined to rule the hemisphere. Cuban-trained Angolan forces, he said, would spread Communism throughout Africa and the Cubans would use their Angolan experience to launch a red tide across the Americas. EHM and jackal activities expanded in both Angola and Latin America.

Looking back, it's difficult to understand how anyone could have believed that a tiny island nation like Cuba with a population of about 9 million could have considered such a strategy. In fact, we now know that President Fidel Castro never did consider it. He was happy to accept Soviet aid and sell shiploads of US-boycotted Cuban sugar to the Russians, but Castro did not have a strategy for the hemisphere. Nevertheless,

McNamara's warning was heeded. I joined the cadre of jackals, Special Forces units, CIA operatives, and other EHMs dispatched to stop the imagined red tide. By 1975 Operation Condor was striking terror into anyone who defied the right-wing, anti-Communist Latin dictators. Operation Condor would continue at various levels of intensity for nearly fifteen years.

Today we can see many similarities between the "bellwether" analogy for Angola and the "canary in the cage" of Ecuador. Both countries were singled out as warnings that the Soviets were determined to dominate their continents. Both were rich in petroleum and other resources and yet their people had been impoverished by decades of foreign exploitation. In both, a great deal of the exploitation was done by American oil companies. In Ecuador it was Texaco, and in Angola it was Cabinda Gulf Oil (both now are subsidiaries of Chevron). In an interesting intersection of EHM strategies, Cuban militaries protected Cabinda's operations so the MPLA could justify Soviet support, while Ecuador's right-wing dictators protected Texaco to justify American support for Operation Condor.

Under the MPLA, Angolan industries grew during the 1980s. US and Soviet EHMs, jackals, and corporate mercenaries vied over resources; corruption and violence were rampant. As the Soviet Union disintegrated in the early 1990s, US EHMs convinced the MPLA to reject Marxism, declare the country a social democracy, and join the IMF.

Notwithstanding its rapprochement with the US and Europe and several ceasefires, civil war raged into the 2000s. An estimated 1.5 million people were killed, 4 million were displaced, and more than 500,000 fled the country. Angola's infrastructure and agriculture were destroyed, and education, health care, and other social services lay in shambles. All of this seemed to present the perfect opportunity for US EHMs.

When the civil war ended in 2002, the Washington Consensus presented Angola with the types of deals, along with neoliberal economic demands, that had worked so well since the 1970s. But American EHMs were stymied by a new breed of Angolan leader. One of them, João Lourenço, had much in common with Ecuador's President Correa. Like Correa, Lourenço had witnessed the imprisonment of his father by a colonizing foreign power (in his case, Portugal). Like Correa, Lourenço had received a master's degree abroad (in Russia), understood global economics, and opposed neoliberalism.

Talks with the IMF failed because—as with Correa—Lourenço and his MPLA were unwilling to accept the austerity measures, tax structures, political demands, and other conditions. Like Ecuador, Angola turned to China. Beijing's EHMs jumped at the opportunity, as they had in Ecuador. In 2004, they arranged a $2 billion oil-backed loan to Angola and negotiated infrastructure development deals. One loan followed another. Soon, China became Angola's biggest lender.[6]

However, as in Ecuador, there was a downside. According to the Observer Research Foundation:

> *Many analysts have referred to China's extension of credit lines for infrastructure development in Africa as "debt-trap diplomacy." According to some estimates, Angola owes more than US$20 billion to three Chinese entities—China Development Bank, China EXIM Bank, and Industrial and Commercial Bank of China (ICBC).*

The downward spiral that resulted from the expectation of ending insufficiency through the exploitation of oil and minerals sent the country into the clutches of China's EHMs, without bringing benefits to most of its population. The few Angolans who benefited were those who collaborated with the EHMs, signed off on more loans, and incited fear and divisions between ethnic and political factions.

In typical fashion, Chinese companies imported their own workers and insisted on equipment and parts manufactured in China. And, like elsewhere, China's projects often were poorly constructed. The Observer Research Foundation article continued:

> *Given the endemic corruption in Angola and the opacity around Chinese projects, there was little supervision or quality control of infrastructure projects. The quality of the infrastructure built by the Chinese was of poor quality and in some instances, the structures even collapsed. Indeed, there is no dearth in examples of poor workmanship in Chinese projects in many other African countries such as South Sudan.*[7]

Angola and Ecuador are telling examples of the consistency of EHM strategies around the world and of the similarities in the methods used by both US and Chinese EHMs.

Congo: "The World's Worst War"

Mac Hall's vision of the importance of the Congo region turned out to be prescient. By the second millennium, the Democratic Republic of Congo's minerals, including lithium and cobalt, were essential to modern technology. The US military, computer, internet, automotive, medical, and most businesses everywhere depended on them one way or another. MAIN's management team had also been correct: working in the region was extremely risky and would become even more so. The DRC's recent history is marked by the violence that so often haunts resource-rich nations.

One of the reasons Zaire (later the DRC) allied itself with the US against Communist movements in Angola was because Zaire's army chief of staff, General Mobutu Sese Seko, was indebted to Washington. After the country gained independence from Belgium in 1960, Mobutu requested help from both the US and Belgium to oust the democratically elected prime minister, Patrice Lumumba (who was suspected of being a Communist). Washington's propaganda machine branded Lumumba as a Soviet agent. Helped by the CIA and Belgian military, Mobutu overthrew and assassinated Lumumba and proclaimed himself head of state. Mobutu became "America's president" while the Soviets supported his opposition. Moscow's and Washington's EHMs and jackals vied for control of the nation's substantial resources. Divide and conquer, fear, constant warfare, and starvation threw the country into prolonged chaos.

"The DRC's a thousand times wilder than the Wild West," the head of a private "security" firm said. He was happy to talk with me after reading *Confessions*, but wanted to remain anonymous. "Life's cheap there," he continued, "but riches await those with guts. Your strategy of piling on debts and building fancy projects may work in many places, but brute force rules the Congo."

When Mobutu began an "anti-capitalist" movement in the 1970s, Mao endorsed him as the leader of a pan-African–China alliance. Mobutu accepted Chinese aid and rejected the IMF. American politicians denounced his coalition with Mao, human rights abuses, and flagrant corruption. Washington refused to support him during a 1994 civil war in Rwanda that spread into Zaire, as well as Uganda and Sudan, killing an estimated 1 million people. By 1997, Mao was dead, Zaire was in dire economic straits, and Mobutu was overthrown by Laurent-Désiré Kabila. All-out war spread through nine African countries. Known as "the worst war in the world since

World War II," it lasted until 2003 and caused the deaths of more than 5 million people. Kabila was assassinated and replaced by his son Joseph.

A pro-democracy movement, inspired by the Arab Spring, led to the 2018 election of Felix Tshisekedi. He promised to bring peace, introduce environmental protection laws, and use the DRC's resources to benefit his people. He began negotiations with Chinese mining companies to iron out disagreements over the way they operated.

This is a summary of extremely complex events. It does not adequately describe the extreme political and social turmoil, violence, human suffering, and environmental devastation that swept the region throughout the time I was an EHM until the present, but it does offer a snapshot of a country torn apart by the four pillars of the EHM strategy—whether implemented by the US, Russia, or China. The people of the DRC and its neighbors lived in constant fear of death, torture, rape, and almost unimaginable brutality. Debts around protection, food, and loyalty added to the monetary ones. Insufficiency was manifest in the faces and bodies of starving men, women, and children; the piled-up corpses; and bombed-out villages. Divide and conquer was a key not just to the Cold War tactics of country against country but also to those of local leaders who pitted Hutus, Tutsis, and other ethnic groups against each other.

MAIN had concluded that the risks in the Congo region were too great. The same cannot be said for petroleum and mining companies. Resource-extractive corporations thrive under perilous conditions and the chance to utilize their private EHMs and their own four pillars. Debt opens the door to exploit the collateralized oil, copper, lithium, and other minerals. Fear, political instability, violent conflicts, and poverty enable them to hire cheap labor, paramilitaries to intimidate opponents, and mercenary "security firms" to "protect their facilities" (which often means terrorizing local communities into forfeiting their land rights). Social and environmental laws are ignored. Bribery is the accepted norm.

Americans may criticize lower-income countries for their corruption, but they forget that someone does the corrupting: EHMs. The recent story of the DRC is one where China's EHMs outmaneuvered their US counterparts. Nowhere was this more apparent than in the mining sector.

In 2016 the US-based mining conglomerate Freeport-McMoRan sold a huge cobalt mine located in the DRC to the China Molybdenum company. As reported by the *New York Times:*

Mr. Perriello, a top U.S. diplomat in Africa at the time, sounded alarms in the State Department. Mr. Kapanga, then the mine's Congolese general manager, all but begged the American ambassador in Congo to intercede.

"This is a mistake," Mr. Kapanga recalled warning him, suggesting the Americans were squandering generations of relationship building in Congo, the source of more than two-thirds of the world's cobalt. . . .

In 2020, Freeport-McMoRan continued the process. This time, it sold an even larger cobalt project to China Molybdenum. The *Times* article continued:

China's pursuit of Congo's cobalt wealth is part of a disciplined play-book that has given it an enormous head start over the United States . . . the United States essentially surrendered the resources to China, failing to safeguard decades of diplomatic and financial investments in Congo. The sale of the two mines, also flush with copper, highlights the shifting geography and politics of the clean energy revolution, with countries rich in cobalt, lithium and other raw materials needed for batteries suddenly playing the role of oil giants.[8]

China's companies have been accused of serious human and civil rights abuses in the DRC. An Amnesty International report documented many "dangerous and exploitative working conditions" that are "illegal under international laws." Chinese companies, the report continued, "are on course to become the most influential and powerful foreign economic actors in the extractive sector in the DRC—a country with some of the world's most important mineral reserves."[9]

As the *Times* article noted, the DRC accounted for nearly two-thirds of 2020 global cobalt production. In parts of the country where violence, crime, and warfare are most rampant, mining is done by artisanal small-scale miners (ASMs), often using young children. An analysis by Mining Technology concluded:

Rather than benefitting Congolese society, the cobalt reserves have led to significant social strife and corruption. [It is] being done by ASMs, with very little to no governmental oversight or health and safety standards [using] dangerous methods. There are about 150,000–200,000 artisanal miners currently working cobalt deposits in Congo, with more than a million others directly economically dependent on their activity.[10]

By 2020, most of the large-scale cobalt-producing mines in the DRC were owned or financed by Chinese companies. Beijing-backed institutions had provided or pledged more than $100 billion to finance China's operations. In early 2021, President Tshisekedi met with China's visiting

state councilor and foreign minister, Wang Yi, and in the summer of 2022 he announced that mining negotiations were nearing completion. However, it appeared that few, if any, attempts had been made to improve working conditions or address the child labor and other human rights issues.

The DRC offered an ideal opportunity for the US government and media to come down hard on China and portray America as a champion of human rights. But the US failed once again; it turned its back on the DRC.

What happened in both the DRC and Angola was symbolic of the continent. While the US was bogged down in the Middle East, China's EHMs courted the many African countries that are rich in resources, negotiating contracts to finance and build ports, roads, railroads, athletic stadiums, and shopping malls.

China's Corporations Take the Helm

Following rapid growth in the early 2000s, Beijing's official lending to Africa decreased in 2018. At the same time, China's corporate EHMs ramped up their investments, especially for resources vital to ending global warming: cobalt, coltan, copper, lithium, uranium, bauxite, and other materials needed for batteries and high-tech, pollution-reducing products. This was part of China's commitment of transforming its centralized economy into a market economy and its strategy of increasing its global private sector presence. Investments resulting from China's third EHM wave rose from $100 million in 2003 to more than $4 billion by 2020. America was left far behind.[11]

Another branch of China's EHMs successfully focused on trade. By 2017 African trade with China was nearly four times that of the US, at $148 billion versus the US's $39 billion. In addition, China's landmark African Continental Free Trade Agreement (AfCFTA) united all fifty-five African Union members into one of the world's most powerful trading blocs, one that owns an abundance of minerals that are essential for a life economy.[12]

China's EHMs joined top government negotiators for meetings with Africa's leaders in Dakar, Senegal, in late 2021 for the eighth FOCAC summit. In a show of unity, more African leaders attended that meeting than the UN General Assembly. A *Foreign Policy* commentary stated:

> *For a long time, the United States' main message to African countries was "We're not Europe," but since at least the early 2000s, China's message to Africa has been "We're not the United States." China has made significant process [sic] in Africa by speaking loudly and carrying a small stick. Its public diplomacy campaigns focus on relationship-building with African counterparts and broad media coverage of all forms of cooperation, while simultaneously keeping sanctions and security engagements minimal.*[13]

Mac Hall had correctly identified Africa as the treasure chest for the future. What neither he nor any of us predicted was that China would end up holding the key to that chest. It happened not only because China acted on what MAIN's CEO understood about the value of the continent's resources. It also happened because US anti-Communist and anti-Islamic terrorist actions resulted in mistrust, because US financial institutions invested in Africa only if high rates of return were guaranteed, because after 9/11 the US strategy largely abandoned Africa and focused its sights on the Middle East, and because China offered unification (instead of divide and conquer) and loans that were perceived as excluding political conditions.

The difference between the US's and China's strategies was summed up in a December 2021 *Foreign Policy* report on the 2021 FOCAC summit:

> *Xi pledged to encourage Chinese companies to invest at least $10 billion in Africa over the next three years and champion greener deals. . . . The United States' relationships have been primarily driven by security concerns rather than economic ones. . . . The United States may provide military hardware and boots on the ground, but in Africans' daily lives, the mobile phones used, the televisions watched, and roads driven are built by China.*[14]

In Africa as elsewhere, the most important conclusion is that the EHM strategy is bad for the continent and the world—whether implemented by the US or China. As the latter has gained an increasingly large foothold, local workers, social programs, and the environment have suffered while debts, shoddily constructed infrastructure projects, and corruption have increased, and more and more resources have been plundered.

Yet I also have to admit that this new form of colonialism is the result of an EHM strategy that reached new heights on my watch. I sometimes recall those hours I spent writing reports for Mac Hall and Jake Dauber aimed at convincing the World Bank to pay MAIN to develop projects in Africa. That was before I headed off on my first assignment. I wonder: Had I known where all this was headed, would I have continued, or would I have left MAIN and the EHM world?

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The Middle East

No one could have guessed during my EHM years that the Middle East would be the final nail hammered into the coffin of the American empire by China's third EHM wave.

We did know that for centuries, all the way back to the original Silk Road, the region had been the critical link connecting Africa, Asia, and Europe. Following World War II, given the importance of international trade and the role of petroleum in the modern world, the Middle East became even more essential to global supremacy. We US EHMs were confident that it was our domain. The shah of Iran was a loyal friend whose regime seemed an enduring buffer between the Soviet Union and the Middle East. We had sealed important deals with oil-rich Kuwait and Saudi Arabia. America's ally, Israel, had won major victories against countries that threatened US supremacy in the late 1960s and early 1970s.

For us in those days, the threat to America's global dominance was Communism and the Soviet Union. Most of the Middle East opposed both. Kings and dictators were not about to accept Marxism. Muslims were against atheism. The Soviet invasion of Afghanistan further encouraged Middle Eastern leaders to partner with the US. When the Soviet military was defeated by the American-supported mujahideen in 1988, the US's position seemed permanently secured.

Past conquests had come from Persia, Turkey, and other parts within the region itself, as well as invasions from Asia, Europe, and North Africa. These relied mainly on two of the EHM pillars: the fear (or actuality) of military invasion, and divide and conquer. This changed when, during World War I, British strategists drew on a man who foreshadowed today's EHMs, T. E. Lawrence aka Lawrence of Arabia. His job was to counter the

Ottoman Empire's brutal divide-and-conquer approach by uniting dissident factions among the Arabs.

That change was short-lived. After World War I, England fell back on old tactics. Assisted by France and other members of the League of Nations, Lawrence's successors crafted a divide-and-conquer approach that forever altered the geopolitics of the Middle East. When the Republic of Turkey was established in 1923, the former Ottoman Empire was divided into many countries without regard for culture, ethnicity, religious beliefs, or history. It was done intentionally to create conflict, turmoil, and corruption, thus giving the British and French control over the area.[1]

The rise of Nazi Germany, fascist Italy, and imperial Japan brought new tensions to the oil-rich Middle East. After the defeat of the Axis powers in World War II, the Soviet Union's need for petroleum, and the control by the US and NATO over critical shipping lanes like the Suez and Panama Canals and land transportation systems in Iran and India, threatened to explode in a new war. Fears of a nuclear holocaust ushered in a new EHM strategy.

"The Future Looks East"

When Iran's Prime Minister Mossadegh threatened to nationalize foreign oil companies, President Eisenhower advocated an approach that harked back to Lawrence. As detailed in Chapter 6, the CIA dispatched Kermit Roosevelt, who overthrew Mossadegh and replaced him with the pro-American shah. The predominance of the military was subverted to the less risky and less costly EHM tactics focused on debt and insufficiency.

The importance of this change was pointed out to me by Uluç Özülker, Turkey's former representative to both the European Union and the Organization for Economic Co-Operation and Development (OECD). I met with him in 2013 on one of my trips to Istanbul. We ordered Turkish coffee on the outdoor patio of a bistro with a spectacular view of the Bosporus, the waterway that connects the Mediterranean with the Black Sea and separates Asia from Europe.

"Fear and debt," Uluç said. He took a sip of the strong dark coffee. "The two most powerful tools of empire." He set the cup down on the table. "Most everybody thinks military might is the driver of empire, but war's

important because it—and the threat of it—instills fear. People are terrified about not having enough to eat and care for their families. So they take on more debt." He smiled. "Buy more things. Whether we owe money or favors, debt shackles us. That's why the economic hit man approach is so effective. More so than war."

I mentioned the role of turning people against their neighbors.

"Yes," he said. "Another very important strategy: divide and conquer." He talked about the Iran–Iraq War, the schism between Sunnis and Shi'ites, and how civil wars and tribal factions create power vacuums that open doors to exploitation. "Both parties take on more debt, buy more arms, destroy resources and infrastructure, and then accept even more debt to finance reconstruction. We're seeing it throughout the Middle East, in Syria, Iraq, Egypt, Afghanistan . . . " He paused and frowned. "Unfortunately, the US made a grave mistake by invading Iraq and Afghanistan." He wondered why we hadn't learned the lessons of our failures in Vietnam and those of the Soviet Union in Afghanistan. Then he smiled again. "You should have stuck with the economic hit man approach."

"How does China fit into all this?"

"Ah, China." He pointed at a passing ship loaded with China Shipping and COSCO (China Ocean Shipping Corporation) containers. "That says it all." He went on to summarize the historical importance of the Middle East. "Wars to control this part of the world have been fought right here, in Istanbul. Ostensibly, many were about religion. But they were driven by economics, trade." He glanced at the ship. "China was a global economic power then." His eyes met mine. "It is again. Now. And the future looks East."

It reminded me of meetings I'd attended in 1977 when Iran's prime minister, Amir-Abbas Hoveyda, drew on his country's growing relationship with China to promote increased support for his boss, the shah. The prime minister was a commanding presence when he entered a room. Although short and built like a prizefighter, he was debonair, cosmopolitan, and exceptionally astute. He had been educated in Brussels, London, and Paris; had studied economics; was prone to quoting great literature; and spoke French, English, Italian, and German in addition to his native Farsi. He was the ideal diplomat. He often referred to Mao's death the previous year as a harbinger of global changes. He predicted that Mao's replacement would elevate China to new heights of global influence and that Iran would play a

critical role. He pointed out that the Middle East's millennia-old history with China revolved around the Silk Road trade routes. Iran, he said, had been "the connecting bridge."

I was stunned when Hoveyda was executed in April 1979, following the overthrow of the shah. He had been arrested, tried, and shot just a few months after Farhad hustled me out of Tehran. It brought home the precariousness of my own life. And I felt responsible, like I had failed to do my job. How could I not have anticipated the shah's fall? Hoveyda was just one of the many people with whom I'd worked and shared coffee or meals who met similar fates. It took time for me to lessen some of my feelings of guilt by realizing that we all had failed. How could no one at MAIN or the CIA have seen this coming? The dizzyingly rapid fall of a government we all thought was secure, our friend and ally, cast a huge shadow on the EHM strategy. In addition, it increased all the doubts I had about my career. For months I was haunted by nightmares of Hoveyda covered in blood.

The execution of this brilliant diplomat turned out to be a symbol of the turmoil in Iran that soon followed.

Iran: A Critical Country Turns to China

Less than seven months after Hoveyda's death, fifty-two US citizens were seized as hostages by militarized Iranian students who stormed the US embassy in Tehran. That day, November 4, 1979, marked the beginning of hostilities that drove an irreconcilable wedge between the US and the Islamic Republic of Iran. It also coincided with the commencement of two events that would radically alter the Middle East: the Iran–Iraq War and Deng Xiaoping's evolving foreign policy.

For many years Iraq had resented Iran's position as the dominant state in the Persian Gulf. Now, fearing that the Iranians would try to expand their revolution into Iraq and end his reign, Saddam Hussein launched a full-scale invasion of Iran.

It was the ideal divide-and-conquer scenario for China. Deng adroitly crafted a strategy of selling arms to and maintaining diplomatic relations with both countries. Following a 1985 visit to China by the speaker of the Iranian parliament (soon to become Iran's president), Hashemi Rafsanjani,

China saw a way to establish itself as a peace broker. Deng's administration hosted high-level delegations from both countries. The meetings led to the 1988 peace agreement and raised Beijing's credibility throughout the Middle East. Deng had used the divide-and-conquer pillar to his advantage by turning it upside down.

China continued to develop its relationships with both countries during the 1990s and early 2000s. It publicly opposed the US invasion of Iraq in 2003 and supported Iraq financially. Its EHMs were hard at work in Iran. Despite US sanctions, China purchased Iranian oil. By 2010, nearly 10 percent of China's imported oil came from Iran. After Xi became China's president, he proposed a comprehensive development plan for Iran that was kept secret until it was obtained by the *New York Times* in 2020. It

> *would vastly expand Chinese presence in banking, telecommunications, ports, railways and dozens of other projects. In exchange, China would receive a regular—and, according to an Iranian official and an oil trader, heavily discounted—supply of Iranian oil over the next 25 years.*
>
> *The document also describes deepening military cooperation, potentially giving China a foothold in a region that has been a strategic preoccupation of the United States for decades.*[2]

Although Tehran embraced the idea of the New Silk Road prior to 2016, the Trump administration's withdrawal from nuclear negotiations and the implementation of more rigid sanctions against Iran energized the Iran–China relationship. Chinese companies continued to ignore the sanctions. Trade between the two countries flourished.

Most concerning to both the Pentagon and Wall Street was a deal Beijing negotiated for control of the Strait of Hormuz. One of the world's most important international waterways, this narrow chokepoint is the only passageway for liquefied natural gas and petroleum tankers traveling from ports in Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, the United Arab Emirates, and Iran to the open ocean.

I watched as the situation unfolded around a region that was key to US Middle Eastern strategy during my EHM days.

In the early 1970s, the Pentagon, US State Department, and the shah's people teamed up to develop a massive military base at the deepwater Strait of Hormuz port of Bandar Abbas. We EHMs and Washington's propaganda machine invoked the pillar of fear that the Soviet Union was poised to invade the Middle East. MAIN was hired to map out a plan that would

transform a fishing village into a highly sophisticated, US-managed, strategically important complex for monitoring and managing shipping traffic that impacted the entire global economy. I was sent to Bandar Abbas to prepare reports that would convince Iran's government and the US Congress to invest heavily in this military base.

The plan was approved. Construction of the base moved full speed ahead; however, things soon changed. In less than five years, after the shah was overthrown, the Islamic Republic of Iran turned the facilities we had built against us.

The War on Terror

In addition to Iran, America's strategy was failing in much of the Middle East. Although Americans may justify military intervention as part of the "war on terror," many Middle Easterners see it as a direct threat on their lives and as a hostile act against sovereign countries. According to a *New York Times* report:

> *Airstrikes—from drones or piloted planes—have been the central military tactic that the United States has used in Iraq, Afghanistan, Syria and other recent conflicts. And U.S. officials often trumpet their advantages. . . .*
>
> *But it has also become clear that American officials have exaggerated the benefits of airstrikes and substantially underplayed their downsides, starting with the horror of civilian casualties. . . .*

The *Times* concluded that "the U.S. approach to airstrikes is so flawed that it may undermine American security—at mortal cost to others—rather than protect it."[3]

The Arab Center Washington DC conducted a public opinion survey in cooperation with the Arab Center for Research and Policy Studies in Qatar. The poll included a random sample of people in Egypt, Jordan, Kuwait, Lebanon, Morocco, the Palestinian Territories, Saudi Arabia, and Tunisia, carried out from mid-September to mid-October 2017. It found that, "consistent with similar public opinion polls, there is a strong negative impression of US foreign policy. Overall, 61% of Arabs surveyed have a negative or somewhat negative attitude toward US policy in the Arab world."[4]

China was careful not to entangle itself in military operations, although its EHMs often supported local militias. They cultivated relationships with anti-American Shi'ite fighters backed by Iran, Iraq, Lebanon, and Syria, such as Hezbollah and Asa'ib Ahl al-Haq. They also increased ties to Sunni regimes. According to *Foreign Policy*:

> *Surprisingly, this [support of Shi'ite groups] has not provoked an anti-China reaction in the region's major Sunni states. Saudi Arabia has launched a program to teach Chinese as a third language in all schools and universities. Saudi Arabia, the United Arab Emirates, and Kuwait have all hired Huawei to build their 5G telecom infrastructure, in defiance of U.S. pressure.*
> . . .
>
> *China has been the biggest winner in the post-U.S. Middle East. Beijing was already the largest buyer of the region's oil. Now [2021], without fanfare, it has become the only outside power that has strong political and trading ties with every major country there.*[5]

Iraq: China Wins the War

"Shock and awe" was used to describe the 2003 US bombardment of Baghdad that initiated the Second Gulf War. Those words were intended to convey America's determination to avenge 9/11 and convince anyone who threatened the US that the Pentagon would retaliate with overwhelming power. In retrospect, the words might better define the failure of that war. The bombardment marked the beginning of the end of US dominance in the Middle East and West Asia. Despite America's huge investment in money and lives, when it pulled out of Afghanistan in 2021, China emerged as the winner.

Publicly opposed to the 2003 US invasion, when the war began China's EHMs helped the country finance its defenses. They bought Iraqi petroleum and negotiated sanction-busting sales of military equipment. In 2008, the China National Petroleum Company (CNPC) signed an oil production agreement with Iraq, the first by a foreign company since the beginning of the war. By 2013, China was purchasing about half of Iraq's oil as well as selling military supplies.[6] In a reversal of the debt pillar, Beijing canceled 80 percent of its $8.5 billion in loans. A foreign ministry spokesperson, Ma Zhaoxu, crowed, "China and Iraq have reached an agreement . . . to substantially cancel the debts Iraq owes to Chinese companies."[7] China's EHMs realized that more important than holding debt was forgiving debt—

and that China could afford to use its capital to hire its own companies to build up Iraq's economy. Of course, it maintained the rights to exploit Iraq's resources.

The tactics did not stop there. Chinese companies focused on education, health care, and other social services,[8] as well as on communications and transportation systems for the New Silk Road. China's EHM strategy helped Iraq rebuild its country and enter a global trading market.

While China was making friends, America was losing them. In 2022, during the second anniversary of the US assassination of Qassem Soleimani, a top Iranian general and Iraqi militia leader, thousands of Iraqis protested against the US. Washington had bragged that the killing was a victory against terrorism, but Iraqis condemned it as a crime against a sovereign nation. Many Middle Easterners viewed it as another reason not to trust America, and to turn to China.[9]

China's third EHM wave grew increasingly adept at modifying the four pillars to a changing world. Iraq became a model. Throughout the Middle East, China's EHMs reinforced fears of US imperialism. They used anxieties over scarcity to negotiate oil deals that financed infrastructure development—through collateralized debt that then was often forgiven. In their applications of divide and conquer, they used the Iraq War as a wedge between Arab nations and the US, while encouraging Middle East countries to unite along the New Silk Road. Perhaps as important as any of their tactics is the one described by Professor Wen of giving a country what it asks for rather than what the creditor tells the country it needs. According to one of *Foreign Policy*'s Middle Eastern analysts:

> *In mid-January [2022], Beijing unleashed its soft power when it announced the construction of thousands of schools, health care centers, and homes destroyed in Iraq's successive conflicts. According to Iraqi officials, Iraq needs a total of 8,000 schools to "fill the gap in the education sector." China has decided to construct the bulk of those—7,000 schools—to help educate millions of children. It will also build nearly 90,000 houses in Sadr City, the bastion of Iraq's strongest political leader and cleric, Muqtada al-Sadr; improve Baghdad's sewerage; build an airport in Nasiriyah, Iraq; and construct 1,000 health care clinics all over the country—all to pay for Iraqi oil.*[10]

China's EHM strategy paid off. In 2019, Iraq joined thirty-seven other countries in signing a joint letter to the UN Human Rights Commission defending China's treatment of the Uyghurs and other Muslim minority groups. In 2020 Iraq was one of fifty-three countries that supported the

Hong Kong national security law that gave Beijing unprecedented control over Hong Kong's media and surveillance of citizens. In addition to Iraq, most of the other predominantly Islamic Middle Eastern countries signed these agreements. Although such support may gratify Beijing, it also exposes the hypocrisy behind claims of non-governmental interference.

An objective observer would have every reason to be shocked and awed. The US invasion took an almost inconceivable toll in human lives, suffering, environmental destruction, and the collapse of governmental and cultural institutions. A few US military industrialists made fortunes and US politicians won elections by supporting hawkish policies, but the costs to US taxpayers and America's position as a world leader are incalculable. That objective observer might well conclude that the winner was the team that conserved its energy until its competitor was exhausted: China.

The US's Gift to China

The corruption, ineffectiveness, and virtual collapse of the US Middle Eastern strategy and the failure of democratic movements like the Arab Spring in the early 2010s were devastating to American policy and a gift to China. According to a 2020 Middle East Institute report:

> *There is no doubt that the relationship between the countries of the Middle East and North Africa (MENA) and China has taken a significant turn in the 21st century. China's rapid economic growth necessitated an aggressive approach in pursuit of much-needed natural resources. The MENA region was largely excluded from China's pivot toward Asia and Africa, and it was not until the Arab Spring in 2011 that China adopted a more engaged policy toward the key countries in the region. . . .*
>
> *For their part, many MENA countries, combined with a policy of disengagement by the U.S. from the region, welcomed China and its financing models with open arms.*[11]

By stepping back from both investments and trade, the US left a vacuum that begged to be filled. China's EHMs responded with an astute sense of timing. Today, China is the largest investor in MENA countries, with investments totaling more than $177 billion in 2019.[12] (US investments were about $90 billion.[13]) The contrast is striking, especially given that the US had invested nearly $8 trillion in its military operations—money that

could have gone to Africa, Asia, Latin America, and programs in the US itself.

China also became MENA's largest trading partner—a position America held during most of the post–World War II years. In 2018, China–MENA trade was about $133 billion larger than US–MENA trade. By 2021, seventeen of the nineteen MENA countries had committed to joining the New Silk Road.[14]

Even America's long-term ally, Israel, turned to the East. China Civil Engineering Construction Corporation participated in the building of Israeli tunnels and Tel Aviv's light rail. Chinese companies now manage three of Israel's ports. In 2020, China replaced the US as Israel's number one provider of imports.

China's activities are not without their problems. A report by the Council on Foreign Relations that analyzed Chinese investments in MENA found that

> *For some countries that take on large amounts of debt to fund infrastructure upgrades, BRI [New Silk Road] money is seen as a potential poisoned chalice. . . . Some BRI investments have involved opaque bidding processes and required the use of Chinese firms. As a result, contractors have inflated costs, leading to cancelled projects and political backlash.*[15]

It is important to note again that writing a book of reasonable length about the competition between two superpowers has forced me to summarize the most salient points. I've concentrated on a few countries that are typical or particularly instrumental. In researching and talking with people knowledgeable about the US's and China's EHM strategies, I've been surprised by what I learned. I would never have imagined that our EHM strategy would turn into a gift for China. This is particularly striking in the Middle East, where we focused so much effort and money. Nor could I have imagined that EHM strategies would create global warming and other life-threatening crises that are symptoms of the death economy.

Feelings of guilt are ever-present. Despite spending the decades of my life since I left the EHM ranks trying to redeem myself for the roles I played in the Middle East, I am haunted by the knowledge that I contributed to the turmoil that has infected that region ever since. I was part of the first post–World War II EHM wave, and it set the stage for both the second and third waves.

45

Europe

"Europe is caught between the claws of America's eagle and China's dragon," Tomáš Sedláček, the Czech economist, philosopher, adviser to former President Václav Havel, and popular TV personality told me. He and I dialogued together in front of audiences at the Colours of Ostrava festival in 2018 and 2019. That statement summed up a concern I often hear as I travel through European countries: the entire region is torn in an existential clash between competing systems—its most powerful ally since World War II and its most important current trading partner.

There are basic differences between the two countries' EHM strategies in Europe. Unlike other regions described in previous chapters, US EHMs have not relied extensively on debt or insufficiency in most of Europe. Rather, they focus on fear: first, of the Soviet Union, then Russia and now also Muslim terrorists. Their divide-and-conquer pillar is driven by Moscow's attempts to reestablish itself in Crimea, Ukraine, and other former Soviet countries. China's EHMs, on the other hand, concentrate on global prosperity and peace through the New Silk Road and China's emerging economic leadership.

The second decade of this millennium was pivotal. Between 2009 and 2010, European Union (EU) exports to China increased by 38 percent and China's exports to the EU increased by 31 percent.[1] It was just the beginning. Europe developed a critical dependence on China, notably for strategically important chemicals, metals, minerals, electronics, pharmaceuticals, and medical equipment and supplies. And China's EHMs recognized their growing dependence on Europe. EU members are some of the largest foreign investors and job creators, and an extremely important market and source of technological expertise for China. By 2020, China had overtaken the US as the EU's largest trading partner.[2]

China's third EHM wave broke over Europe with investment proposals. In 2020 the EU and China agreed on a Comprehensive Agreement on Investment (CAI). It was hailed as a precedent-setting international accord that established a level playing field for investors, ensured transparency around financial transactions, and increased overall foreign direct investment and trade.

However, problems developed when European leaders opposed Beijing's persecution of Uyghurs, aggressions in Hong Kong and the South China Sea, and threats against Taiwan. In March 2021 the EU approved sanctions against China. China retaliated with sanctions against members of the EU parliament, academics, and government officials. The European Parliament responded by freezing ratification of the CAI.

Europe was also disillusioned with the US. French Finance Minister Bruno Le Maire summed this up in 2021: "The United States wants to confront China. The European Union wants to engage China."[3]

For China's EHM strategy, the Balkan countries are especially important. Consisting of Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Greece, Kosovo, Montenegro, North Macedonia, Romania, Serbia, and Slovenia and located just north of Turkey, they occupy a peninsula that provides a critical connection between Europe and the Middle East and Asia; it is a region that is vital to the development of the New Silk Road. Three former Soviet countries are extremely important to Beijing because together they stretch across the peninsula, like a giant barrier—or a gateway.

Serbia: Importing Pollution

The EU seemed to abandon Serbia when it offered little assistance with the 2008 global recession, the migrant crisis that began in 2015, and the turmoil resulting from Brexit. The European Bank for Reconstruction and Development turned down Serbia's request to help finance the construction of a modernized electrical grid. Serbian president Aleksandar Vučić expressed the opinion of many when he proclaimed, "European solidarity does not exist." He also refused to join NATO under the premise that Serbia needed to remain nonaligned and not aggravate Russia.

China's EHMs, in contrast to the NATO countries, offered to upgrade infrastructure and buy unprofitable industrial plants. President Xi visited Serbia in 2016 to promote its integration into the New Silk Road. In a rather feeble "catch-up" attempt, President Trump posed at the White House for a photo op with the presidents of Serbia and Kosovo, two countries that were bogged down in political/economic disputes. Trump took credit for forging an agreement. However, as Reuters reported,

> *Serbian President Aleksandar Vučić told reporters there were still many differences between Serbia and its former province, which declared independence in 2008. . . . He later told Serbian media that Serbia's agreement was with the United States, not Kosovo. . . .*
>
> *Political analysts called the agreement underwhelming and hazy. . . .*

According to Reuters, the real motivation for Trump was that "Serbia had also committed to moving its embassy to Jerusalem, and Kosovo and Israel had agreed to normalize ties and establish diplomatic relations."[4] For many Serbs, it seemed that America desired to control their country's politics and please Israel, rather than ironing out a regional dispute or contributing to economic development.

Once again China moved quickly. Its EHMs arranged deals whereby their companies and government invested $1.9 billion in Serbia between 2010 and 2019, concentrating on steel mills, mining operations, and coal-fired power plants. In addition, it lent the country more than $7 billion to hire Chinese companies to develop infrastructure projects. Beyond investments, Serbia imports much more from China than from the US.

Responding to a question on a Serbian TV show as to why China would come to Serbia's rescue, Vučić turned pragmatic. "It is because," he said, "they have to shut down part of their forge factories and part of their steel mills. I guess it is because of clean air. . . ."

His comment exposed a critical aspect of China's EHM strategy. In attaining its economic achievements, the country suffered the devastating consequences of heavily polluting industrialization. Major Chinese cities for decades were blanketed in toxic smog. Now, as the country moved into the post-industrial, high-tech world, it wanted to end that. China's response was similar to the exportation of pollution carried out by US companies for decades as they mined, logged, and drilled for oil in the Amazon and ravaged other fragile areas without implementing the safeguards required in the US. Although such policies may seem attractive for the short term in

countries like Serbia because of the economic benefits, they also create irreversible problems. Vuk Vuksanovic, a researcher at the London School of Economics who previously worked at the Serbian Ministry of Foreign Affairs, wrote in *Foreign Policy*:

> *[T]he consequences are now being felt by Serbian citizens. The inhabitants of Smederevo and the nearby village of Radinac, where the steel plant is located, have protested air and soil pollution caused by the [Chinese] Hesteel-owned steel mill. Red dust raining down is not an unusual occurrence in Smederevo. In September 2020, the city of Bor filed a criminal complaint against Zijin Mining for pollution caused by copper mining. . . .*
>
> *Serbia has the highest rate of pollution-related deaths in Europe and ranks ninth in the world. The European Parliament has also expressed concern about Chinese economic projects in Serbia, including on environmental grounds, adding another obstacle in Serbia's path toward EU membership.*[5]

Despite problems associated with many of its investments, China's EHM presence is large in Serbia, while American EHMs seem nonexistent.

Montenegro: Symbol of Corruption

Montenegro, unlike Serbia, is a member of NATO. When it joined in 2017, committing allegiance to the West and infuriating its former master, Russia, it placed itself in a vulnerable situation. It had incurred heavy debts to China, and China was closely allied with Russia. President Filip Vujanović knew this was a test of China's "no political interference" policy.

China seemed to pass the test. In keeping with Professor Wen's statement: "You need roads? We can help you build roads," China's EHMs in 2013 asked President Vujanović and Prime Minister (and later president) Milo Đukanović what Montenegro's people wanted. The answer was roads. China began construction on a road that would become a symbol of one of the problems of conforming to the wishes of a country's leaders: corruption.

China's EHMs agreed to build twenty-five miles of a one-hundred-mile highway from the Adriatic port of Bar across Montenegro to Serbia. It was promoted as an essential link in the New Silk Road that would make the six hundred thousand people of Montenegro owners of a transportation hub for the Balkan region and bring prosperity to one of Europe's poorest nations—at least that was the story told by China's EHMs. It did not turn out that way. In 2021, an article in the *New York Times* described the outcome:

> *One of the world's most expensive roads slices through the mountains of Montenegro, soaring over deep gorges on towering bridges, before reaching its destination: a muddy field outside a hamlet with a few dozen houses, many of them empty . . . , Matesevo (population: around 15). . . .*
>
> *Montenegro's new prime minister, Zdravko Krivokapic, who took over late last year from the government that signed the road and loan contracts with China in 2014, described the highway as a "megalomaniac project" that "goes from nowhere to nowhere" and badly strained his country's finances.*[6]

Montenegro is a classic example of another major difference between the US EHM strategy and China's—telling countries what to do with their loans versus complying with a country's own wishes—and of the likely outcomes. When a nation's leaders decide on the use of loans, they have the opportunity to recommend projects that will immediately line their own pockets. In contrast, when they are told what infrastructure projects to develop, the same wealthy families who own most of the big businesses may benefit, but this is not viewed as corruption because it happens much more slowly and appears to be a result of economic growth. Unlike the US's EHM strategy, China's opens a Pandora's box of possibilities for bribes and kickbacks in the short term. An article in *Le Monde Diplomatique* lays this out succinctly in describing Montenegro's twenty-five-mile road:

> *The Export-Import Bank of China has provided a loan of €809m to cover the cost of the first 41km section, which is being built by the China Road and Bridge Corporation. The entire project is expected to cost €2.5bn, around half of Montenegro's GDP. According to Aleksandar Perović, executive director of the environmental organisation Ozon, ecocide and corruption go hand-in-hand. . . .*
>
> *Milka Tadić Mijović, co-founder of the independent weekly Monitor and president of the Centre for Investigative Journalism of Montenegro, said, "Those at the top take the lion's share of the corruption. . . . Đukanović and his family have become the richest people in Montenegro."*[7]

Đukanović has banked (literally) on his reputation as the person who led Montenegro to independence from Yugoslavia in 2006. Using the tactics of a skilled EHM, he divided and conquered his rivals, first collaborating with the infamous Slobodan Milošević who, as president of Yugoslavia and Serbia, was indicted for crimes against humanity; then turning to wealthy Russian oligarch investors, including ones close to the Kremlin; later shifting focus to the US, which forgave his past sins in order to convince Montenegro to join NATO; and now pivoting to China with its offers of

loans for financing projects he wanted but (according to the *New York Times* article) “neither American nor European banks thought wise.” Besides divide and conquer, Đukanović drew on the other three pillars. At different times he invoked fear of the US, various European powers, and Russia. And he convinced Montenegrins that debt would deliver them from insufficiency.

Romania: China’s Failed EHM Strategy

Alexandra Postelnicu is the founder of a Pachamama Alliance branch in Romania. In 2014 she invited Kiman and me to travel with her around her country. I gave talks and conducted workshops about transforming a death economy to a life economy to universities, environmental groups, and other venues, and met with government officials and academics.

One day Alexandra drove us to Roşia Montană, an idyllic mountainous area where the residents opposed a proposed open-pit gold mining operation that would be the largest in Europe. With a group of Romanian environmental activists, I climbed to the top of one of the four mountain peaks scheduled for demolition. I looked down in horror at the massive scar of a gold mine that had been excavated previously, totally demolishing a nearby mountain. I was told that it would be reopened, and that this terrible mutilation of the landscape was a microcosm of what the entire region would look like if the project moved forward.

Nearby was a large murky lake. “That’s a cyanide reservoir,” I was told. “If the mining operation proceeds, the reservoir will expand to many times that size.” I recalled an event at another gold mining facility in Romania when a ruptured dam spilled cyanide into the Danube River in one of Europe’s worst environmental disasters. The image of Roşia Montană haunted me when later I learned about China’s mines in the Ecuadorian Amazon and had to admit to myself that I was a perpetrator of a system that has resulted in the death economy on a global level.

It was especially distressing to also hear that Roşia Montană was referred to as “an American operation.” A translated report stated that a Colorado-based company, Pincock Allen & Holt, was paid $20 million in 2000 to conduct a pre-feasibility study that “proved” the mine would bring

great benefits to the Romanian people. I felt a sharp jab of guilt as I realized that this mirrored the deceptive reports I'd written during my EHM years, and that it might help a few rich Romanian families, but the majority of the population would suffer. The "American" aspect was brought home by the revelation that 80 percent of the Roşia Montană Gold Mining Company was owned by Gabriel Resources, a Canadian company (the other 20 percent was owned by the Romanian government). I was hearing in Romania something like what I'd heard in Latin America—that US and Canadian engineering and mining companies are often lumped together because they frequently collaborate to gain access to gold, silver, copper, and other minerals in lower-income countries.

After that visit to the mountain region, I met with the influential Romanian journalist (and later senator) Mihai Gotiu, a leading activist in the movement to stop Roşia Montană. As we sat in an office at Bábes Bolyai university, Mihai told me that North American companies are viewed as being willing to do anything to make profits for their owners. The resentment that results, he said, opens the door for China.

When I ventured that the Chinese were likely to do the same, he responded, "Who can predict the future? All we know is the past." North American companies had a long history of sacrificing the environment for profits. It was another warning that the EHM strategies of both countries lead to the same disastrous death economy and that they must end.

Although Romania joined NATO in 2004 and declared itself a staunch American ally, controversies and disappointments around projects like Roşia Montană motivated China's EHMs to step up their activities.

They initiated the China-CEEC (Central and Eastern European Countries) summit, also known as the 16+1, in 2012. It enlisted eleven EU and five Balkan countries (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, and Slovenia) in the New Silk Road. It was an attempt at reversing the divide-and-conquer tactic; however, it faced many problems.

Dr. Andreea Brinza, vice president of the Romanian Institute for the Study of the Asia-Pacific, summed up the situation:

> *In almost every 16+1 country, there were too many promises, negotiations, and meetings for too few final projects. . . . Many of the Chinese projects in Europe that have been under negotiation have either been canceled or delayed.*

Romania, the second most populous country of the 16, is a good example.

Brinza cited power plants in Rovinari and Tarnita-Lapustesti, the Cernavoda Nuclear Power station, and the Tarnita-Lapustesti pumped-storage hydroelectricity facility as failed projects, concluding:

> *This gap between promises and delivery has affected the credibility of the 16+1 and of China's status as a trustworthy investor in some of the Central and Eastern European countries . . . a few prime ministers, like those of the biggest countries among the 16, Romania and Poland, have already started dropping the events from their schedule.*
>
> *Ultimately, the failures of the 16+1 project may be overshadowed by much bigger concerns. As the contest between the United States and China heats up, the world is moving once more into divided blocs.*[8]

Russia: The Ukraine Invasion

Beginning in the fifteenth century, Europeans became the colonizers of much of the world. Following the two world wars, the European empires collapsed—except the Soviet Union, which endured until 1991. Now, caught in a competition between two superpowers, Europe finds itself in a position not unlike that of the African, Asian, Latin American, and Middle Eastern nations it once colonized. At the same time, the powerhouse behind the defunct Soviet Union has reemerged onto the world stage.

Russia, with one foot in Europe and the other in Asia, has taken a back seat to the US and China for many years. However, its invasion of a European country, Ukraine, changed that.

The resulting war has catapulted President Putin to headlines on media everywhere. It has transformed his image as the bare-chested president sitting on horseback to the dictator who threatened to launch a nuclear holocaust. Russia's economy might be less than that of California and Texas and roughly equivalent to New York's, and its EHMs might be inconsequential in most of the world, but its president has become the spoiler who could disrupt world events—or at least distract the world from the biggest political-economic event, the US–China competition.

However, the Russian invasion has caused unintended consequences that appear to have accomplished the opposite of what Putin wanted. It has resulted in much greater cooperation between the US and most European

countries. It has strengthened NATO. It has encouraged the development of energy sources that eventually will replace the need for Russian oil and gas. It has created terrible food shortages in Africa and the Middle East. It has demonstrated the remarkable courage and military skills of Ukrainians and exposed inadequacies in the Russian military.

Its impact on China also has had a negative side. The war undermined China's professed policy of honoring the sovereign rights of other nations when Beijing did not immediately side with Ukraine. It has interrupted many of the communications and transportation networks that are integral to the development of the New Silk Road. It has blocked supply chains that are essential to Chinese commerce and that had already been impaired by the coronavirus pandemic. However, there have also been benefits for China. Referring to Putin and Xi, a *Foreign Policy* article in April 2022 concluded that:

> *Together, these leaders want to break what they see as U.S. hegemony over the international system and undermine the notion that the world is bound by a common set of values embodied in international law and upheld by institutions such as the United Nations.*
>
> *The new world order they are aiming to install is dominated by competing—and increasingly autocratic—civilizations, each controlling its own geopolitical space.*[9]

Sanctions imposed on Russia because of the war have demonstrated that the US had returned, at least for now, to the pre-9/11 EHM strategy. Rather than responding by sending in the military, US strategists have turned to the other three pillars: forcing the Russian government to face mounting debts with the possibility of defaulting on foreign loans; increasing anxieties over insufficiency among Russians; and encouraging divisions between Russia and countries it sells to and buys from, as well as causing dissent within segments of its own population. Washington served notice that its EHM strategy did not depend on the military and could be applied in extremely dangerous situations. Yet this may inadvertently have created another opportunity for China. An article in *Foreign Policy* speculated that the sanctions

> *look set to accelerate the economic decoupling under way between the United States and China, especially if Beijing seizes the opportunity to enhance the global appeal of its currency and financial architecture.*
>
> *If countries don't want to throw in their financial and economic lot with the West and stick with the dollar, they have only one realistic alternative: China and the yuan, also known as the renminbi. Saudi Arabia, disenchanted with the United States, is already looking at getting*

paid in yuan for the oil it sells to Beijing after trading crude exclusively in dollars for nearly 50 years.[10]

In the long run, Russia's invasion of Ukraine may strengthen China's position as the leader in the movement to reduce the US's influence. After Putin and Xi met in September 2022, in a rare gesture of humility Putin admitted that Xi had "questions and concerns" over the war. Xi publicly spoke about the need for a major country (Russia) to be a responsible leader and "inject stability into a turbulent world." Xi emerged from these meetings looking like a man who is trying to broker peace and appeal to nations around the world whose economies have been severely damaged by the Ukraine war. At the same time, China's EHMs are in an ideal position to strike deals for Russian oil and gas, replacing lost European markets. The Ukraine war has once again diverted the US from strengthening relationships in Africa, Asia, Latin America, and the Middle East. It has cost the US and its NATO allies a great deal in money and political energy. Despite the short-term disruptions to China's economy, if Xi plays his hand right, he may well turn this catastrophic war that has threatened the world with a nuclear disaster into an asset for his country.

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The United States

This book has provided snapshots of the competition between China and the US and the impacts their two respective EHM strategies have in every region of the world. However, the discussion would not be complete without highlighting a few of China's very significant direct impacts on the US itself.

A study published in 2021 by the Brookings Institution found that China, as America's largest trading partner, supports an estimated 1.2 million US jobs, in addition to the many more jobs that depend on Chinese products and/or financing. America's purchases from China exceed those from all the EU nations combined, as well as the total of ASEAN countries. The Brookings study also found that most US companies doing business in China are committed to being there for the long term. It continued:

> *U.S. investment firms have been increasing their positions in China, following a global trend. BlackRock, J.P. Morgan Chase, Goldman Sachs, and Morgan Stanley have all increased their exposure in China, matching similar efforts by UBS, Nomura Holdings, Credit Suisse, and AXA. The Rhodium Group estimates that U.S. investors held $1.1 trillion in equities issued by Chinese companies, and that there was as much as $3.3 trillion in U.S.-China two-way equity and bond holdings at the end of 2020.*[1]

The irrefutable fact is that the US and China are highly interdependent. Their economies are so interlocked that it is difficult to imagine one without the other. This is true not only in the "hard" sectors of trade and investments but also in the "soft" areas of education, information, and technology. More than a third of all international students attending US colleges and universities in the 2019–2020 academic year were from China. The headmaster of a prestigious New England private school recently told me that the tuition paid by students from wealthy Chinese families allows him to give scholarships to about a half dozen US students. In recent years,

exchanges in the fields of knowledge have added significantly to the technological revolution. The Brookings study points out that:

> *Leading technology companies in both countries have been building research centers in the other. Alibaba, Baidu, and TenCent have all opened research centers in the United States, just as Apple, Microsoft, Tesla, and other major American technology companies rely upon engineering talent in China.*
>
> *In science collaboration, The Nature Index ranks the joint research between the two countries as the world's most academically fertile.*[2]

China's third EHM wave swept over American investors as soon as the two countries reestablished diplomatic relations and signed a bilateral trade agreement in 1979. Such investments contribute to supporting the US economy and making its companies more competitive. Hundreds of thousands of Americans work for Chinese businesses. US entrepreneurs scramble to join the boom that many expect will soon enable China to become the number one economy.[3]

China's EHMs operate under various guises, like my chief economist title. They come to the US as students who learn about American culture and the successes and mistakes of US EHMs. They work for international corporations, teach in American universities, and serve as advisers to many institutions. Some are employed in more traditional clandestine operations —"spies" who ostensibly function as "commercial attachés" or in other seemingly innocuous positions at the Chinese embassy in Washington, DC, or one of its five regional consulates. Then there are the new breed of US EHMs, described in Chapter 40, who have hired themselves out to China. Often these are former elected officials who railed against China while in office and now are highly paid advocates for China and its corporations. They belong to both the second and third EHM waves.

China's homegrown EHMs recognize that Americans with reputations for being tough on China are their greatest allies when they can be bought as hired guns. As Claudine once told me: "Your best asset is the politician who speaks strongly against you, and then joins you." A 2021 *Foreign Lobby* report stated:

> *Former lawmakers Ed Royce, David Vitter and Trent Lott were all known for standing up to China during their time in Congress.*
>
> *Today they share a different affinity: All three lobby for Chinese companies that have been accused of posing a national security threat to the United States. . . .*

They are among 12 former members of Congress currently registered as foreign agents for Chinese companies or lobbyists for their US affiliates. . . .[4]

The Daily Beast identified "some of the more prominent former US politicians and officials who have lobbied for China or whose business interests are closely connected to it." The article included Louisiana representative Charles Boustany, who chaired the US–China working group; John Boehner, former House speaker; David Firestein, who served in the US State Department's Asia-Pacific Economic Cooperation (APEC) Office and was a member of the board of governors of the American Foreign Service Association (AFSA); and Mike Holtzman, special adviser to the US trade ambassador under President Bill Clinton and the State Department under Secretary Colin Powell. Influential Americans working for specific Chinese companies included Donald (Andy) Purdy Jr., a White House staffer under President George W. Bush who helped draft the US National Strategy to Secure Cyberspace, served as the lead cyber-official at the Department of Homeland Security, and became chief security officer for Huawei's US operations; Clark T. Randt Jr., former US ambassador to China, who is special adviser of HOPU Jinghua (Beijing) Investment Consultancy Co. and sits on the advisory boards of businesses closely tied to China; and James D. Wolfensohn, former World Bank president and champion of the Washington Consensus and neoliberalism, who became a member of the international advisory committee of the China Investment Corporation, China's sovereign wealth fund.[5]

Politico reported that former US Treasury official Peter Kucik and former representative Toby Moffett, as well as former senator David Vitter, had joined firms that represent a subsidiary of Hikvision, the video surveillance company accused of helping China monitor Muslim minorities, and that former representative Lee Terry's consulting firm had been retained by Huawei, which was blacklisted by the Pentagon because of its alleged ties with China's military.[6]

There is an interesting difference between current times and those during the Cold War when I was an EHM. Unlike China, the Soviet Union had very little economic interchange with the US. Commerce between the two averaged only about 1 percent of total trade in each nation. The two countries never came close to interdependency. Another difference was pointed out by Frank Wolf, a US congressman for thirty-four years, when

he lamented, “Nobody in the 1980s would have represented the Russian government. And now you find so many lobbying for the Chinese government . . . I find it shocking.”[7]

Whenever I read such statements, I’m taken back to my earlier EHM days. I recall Claudine telling me that my job was to encourage world leaders to become part of “a vast network that promotes US commercial interests. Convince them to fear the Communists.” My heart aches when I recollect how enthusiastically I embraced that job, the overly optimistic economic projections, the fraudulent reports, the corrupting promises made to heads of state and their underlings, the bribes, and the threats. I remember the shame I felt, surrounded by Indonesians, as I watched the puppet representing President Nixon pick Middle Eastern countries from a map and hurl them into a trash bucket, and then the fear that flooded me when the crowd’s mood turned to outrage as Nixon shouted, “Muslim dogs,” “Mohammed’s monsters,” and “Islamic devils.” My gut still knots when images of the crashed planes carrying Roldós and Torrijos flash before me. The memories are almost endless. At different times, certain ones are more prevalent than others. Yet all of them are about the things I did to stop the Soviet Union.

Today there is no Soviet Union. The Cold War is over. Although Russia once again has exerted itself as a military threat, such threats have always been resolved throughout history; one way or another, they have ended. Assuming this one follows that historical pattern, we still will find ourselves sitting atop an economic time bomb that threatens the world as we know it with utter destruction. It is a bomb I helped build, yet nearly everyone today is an accomplice on some level. We buy into perceptions that lead to a death economy and a destructive clash between two EHM strategies. Many in the US want to define China as “the problem” or even as “the enemy,” but the fact is that both countries have similar objectives and interlocking economies. Those economies are causing the severe crises that face the world today.

And that leads to only one conclusion.

CONCLUSION

We Each Have a Role to Play to End the EHM Strategy

It is time to end the EHM strategy. Once and for all.

This book has exposed the perceptions that drive the EHM strategy of the US and China, a strategy leading to massive global failure. The US's "If you want your country to prosper, accept loans from the Washington Consensus, hire our companies to build infrastructure projects, and submit to neoliberal policies" and China's "If you want your country to prosper, accept China as a partner in trade that will not interfere in your government and use Chinese loans to hire our companies to build the infrastructure that makes this possible" both must end. We have seen throughout these pages that these are the latest versions of centuries-old perceptions about prosperity that support tactics intended to colonize others through systems of domination. Their goal is the exploitation of people and natural resources to increase the profits and power of a few elites. This is destroying life as we know it on this planet.

Despite cultural differences, it is time for the people of China and the US —people everywhere—to embrace a new perception that supports the long term: "If we want our country to prosper, we will define prosperity as benefiting all life in the entire world, see ourselves as a part of—not apart from—nature, accept that we are the navigators of spaceship earth, and come together to pilot ourselves away from the death into the life economy."

Each of us has a role to play. It is incumbent upon us to change our own perceptions and help change the goals of our families, communities, nations, and the world. It is time to transform the four pillars of the EHM strategy.

It is time to replace the pillar of fear of "the other" with a determination to work together. Because we have alienated ourselves from the environment that sustains us, we have defined ourselves as aliens. Now the time has arrived to join forces, as if aliens from another solar system

threatened us. Our enemy is our perception that excessive short-term materialism and maximization of profits are indicators of success. Our folly is our xenophobic obsession that someone else is the enemy. It is time to replace these with fear of a real and impending enemy: a system that is propelling us ever closer to self-destruction.

It is time for debt as a tool for controlling others to end. When we define prosperity as benefiting life and ensuring sufficiency and peace for all, rather than excessive materialism for a few, we understand that the only way our children will enjoy prosperous lives is for children everywhere to prosper. Economic debt is slavery. Like all slavery, it ultimately is self-defeating. Our true debt is to the air, water, soil, plants, animals, and people who provide the things that support us physically and spiritually. We owe them and ourselves a commitment to a life economy.

Anxiety over insufficiency stems from ideas that resources are limited, that to "win" we must use the EHM strategy to exploit other people and nature. It is time to substitute those ideas with the knowledge that resources now and in the future are limited only by our creativity and willingness to change the perceptions and systems that promote inequality and scarcity.

Divide and conquer has no place in a world where nuclear weapons threaten to destroy all life. Our hope is to join hands across the globe and end this atavistic concept of the enemy without. Rather, it is time to confront the enemy within that drives us to the precipice of mutual destruction.

The US and China combined contribute 43 percent to the world economy (in 2021, the US provided about 25 percent of global GDP and China 18 percent, with third-place Japan at a mere 5 percent).[1] Together, these two countries are the major causes of climate change, contributing nearly 40 percent of global fossil fuel CO_2 (in 2019 the US produced 11 percent and China 27 percent, with third-place India at 7 percent).[2] The US and China can disagree on a multitude of issues, but it is essential that they collaborate on co-creating a thriving future, a life economy. It is time to end the narcissistic fable that some people have the right to subjugate others, that humans are supreme over nature, that a few elites have special privileges, and that military and economic might makes right. It is time to realize that we—you and I—are living at a critical moment in history.

If you are tempted to feel hopeless, look around. There are so many signs of hope.

One of them is young people everywhere, like those at CEIBS in China, at a café in Cartagena, Colombia, across the US, and at gatherings around the world. I met many when I was a speaker at the Colours of Ostrava festival in 2018 and 2019. This city in the Czech Republic is a model of what can be done. Known as the "steel heart" of the Soviet Union during the Cold War, Ostrava was the site of a mine that fed coal directly to a huge steel mill. Following the depletion of the coal, the entire complex closed. Faced with economic collapse, the citizens converted the gigantic, dilapidated structures into magnificent stages and auditoriums; they invited musicians to perform, artists to exhibit their art, and speakers to discuss global issues. Each year when I was there, more than fifty thousand people celebrated in a place that represents the transformation of a death to a life economy.

Other examples include political initiatives such as the Green New Deal; conscious capitalism; benefit corporations, cooperatives, and other innovative approaches to business; alternative technologies for energy generation and organic farming; and the creation of the Long-Term Stock Exchange. At the 2019 Business Roundtable meeting, CEOs from 192 of the world's largest corporations promised to replace the goal of maximizing profits with that of meeting the needs of customers, employees, suppliers, and local communities—converting a death to a life economy.

After US Special Presidential Envoy for Climate John Kerry and China Special Envoy for Climate Change Xie Zhenhua met in Shanghai on April 15 and 16, 2021, they released a statement that included:

> *The United States and China are committed to cooperating with each other and with other countries to tackle the climate crisis, which must be addressed with the seriousness and urgency that it demands. This includes both enhancing their respective actions and cooperating in multilateral processes, including the United Nations Framework Convention on Climate Change and the Paris Agreement.*[3]

This, too, is a hopeful sign.

Dr. John Cobb is a vibrant ninety-seven-year-old who has spent much of his life promoting environmental issues in China and making friends with many of the country's current leaders. He points out that the transition from a death into a life economy leads to an ecological civilization (see

appendix), and that China's constitution expressly states the goal of achieving an ecological civilization.[4] In October 2021 he wrote a letter to Presidents Xi and Biden, pleading with them to join forces. "I asked President Xi," John told me, "to understand that any act of President Biden that appears soft on China might be politically costly to him. I suggested to Xi that he pick up on any favorable gesture and, for the sake of our grandchildren, accept the invitation to work together. I emphasized to both that cooperation between the world's two superpowers was our only hope for the future."

The letter was hand-delivered to people close to Biden and Xi. On November 15, 2021, the two leaders met virtually. "I have no idea," John said, "if they read my letters. I'm just happy they're talking." Whether or not the letters reached the two presidents, through the internet they inspired many people with the importance of uniting.

The promise made by those 192 CEOs at the Business Roundtable is a confirmation that attitudes are changing. Many executives have told me that they have children and grandchildren and want their companies to be much more socially and environmentally responsible. However, they are faced with a challenge. Executives in investor-owned companies, including the Business Roundtable CEOs, are aware that they must answer to shareholders who are conditioned to focus on profit maximization. These executives tell me that the hope is that customers will send a message that, unless their company does the right thing, they will take their business elsewhere and the company will lose market share and profits.

It is up to each of us to use social media and any other available means to encourage and empower executives to take actions and become leaders in the conversion to a life economy. In our jobs, shopping, investing, and the people we elect, we have the opportunity to send messages that support a new perception, a new story, of what it means to be successful. We are positioned to promote the actions necessary to make that happen.

One Thing You Can Do

You can join or start a social media campaign by picking a corporation that you want to see change and writing a simple message such as:

Dear ____ CEO, Corp X

I love the product your company sells. I want Corp X to be extremely successful and to serve as an example for others. I want you to be an outstanding model for future business leaders. Therefore, I will not buy your product again until Corp X . . . (stops polluting the atmosphere, pays its overseas workers a fair wage, etc.) Once that happens, I and thousands more will see to it that your story becomes the Big Business Story. Your competitors will have to follow you. But you will be far out in front. In the end, your sales, market share, and stock price will increase.

Sincerely,
<Name>

You send that email to the CEO and to your email contacts and other social network accounts. When just ten of those people send it to the CEO and their own social network accounts, and just ten of the recipients do the same, the CEO will receive one hundred messages. When those one hundred each elicit ten more responses, the CEO receives one thousand. Then ten thousand, and so on, until a critical mass is reached that empowers the CEO to explain to top investors why they *must* heed the advice of their customers.

Other Things You Can Do

Because you live at a time of highly efficient connectivity technologies, you have the ability to inspire others to change policies and actions. You are blessed with the means to tell stories that promote the perception that success is about working together, defining prosperity as benefiting all life, seeing ourselves as a part of—not apart from—nature, knowing that we are the navigators of spaceship Earth, and we are blessed with the opportunity to all come together and pilot ourselves away from the death into the life economy.

Below are ideas for dealing with each of the four pillars. They are accomplished through various means—from using social media to speaking out at local city planning and PTA meetings, from organizing protest movements to running for public office. They are just a few examples of actions you might take. Be guided by doing the things that offer you the most effective voice and the greatest joy. Have fun with being creative.

FEAR

- Use social media to speak to your family and neighbors; your churches, synagogues, mosques, and other meeting places; and politicians about the need to overcome fears of people from other cultures, races, and nationalities.
- Talk about Mother Teresa, Rosa Parks, Martin Luther King Jr., and your personal heroes who overcame fear by taking positive actions; point out that they were mere humans like the rest of us who had no idea they would be successful or famous when they began.
- Let people know that the only thing to fear is the death economy and ideas that promote violence.

DEBT

- Encourage students and others not to take on debt.
- Write articles, blogs, and emails to politicians and demand forgiveness of excessive student debt and high interest rates on credit card, payday, and similar loans.
- Demand an end to government, banking, and vulture fund polices that enslave other countries with debt; advocate for debt forgiveness in countries burdened with debt, pointing out that in the long term debt forgiveness serves our own interests and creates a life economy.

ANXIETY OVER INSUFFICIENCY

- Recognize that your definition of "insufficiency" may be based on perceptions that have more to do with status than actual need—and that to end insufficiency among people who truly suffer from the lack of essentials requires conversion to a global life economy.
- Support the transformation to a life economy by:
  - ► Starting an ecological garden and/or buying from local organic farms and markets.
  - ► Promoting technologies that replace fossil fuels with alternative energy.
  - ► Advocating for and participating in zero-waste recycling programs.

► Adopting a lifestyle that cuts back on materialistic consumption.

► Walking or riding bicycles, using electricity sparingly, and turning more to plant-based diets.

DIVIDE AND CONQUER

- Ignore and, when appropriate, denounce propaganda and conspiracy theories aimed at dividing us from other countries, races, and cultures.
- Insist that your local schools teach about the attributes and important histories of other races, cultures, and countries.
- Read, watch, and tell stories that glorify cooperation, compassion, and peace instead of conquest.

GENERAL

- Constantly spread the idea that transitioning into a peaceful, regenerative, and sustainable life economy is exciting and fun.
- Support local businesses, cooperatives, farms, and efforts to preserve nature.
- Map out a personal campaign for changing perceptions and transforming the death into a life economy—a campaign that brings you joy; be careful not to take on too many tasks or ones that will cause burnout to you or others (see the five questions below).

I once asked my grandmother how she dealt with her fears during World Wars I and II, the 1918 influenza pandemic, and the Great Depression. "Hope, faith, courage, and action," she answered without hesitation.

This is a time for us to embrace hope; to know that we change reality by changing perceptions; to have faith that, like people before us, we can overcome perceived obstacles; and to muster the courage to channel our fears into perceptions that result in positive actions.

One of the easiest ways to determine your personal role may be to answer these five questions:

1. What is my mission, my greatest desire, the thing that will bring me the most satisfaction and joy?

As an example, I would answer, “I want to continue writing books.”

A carpenter friend answers, “I want to work with my hands and wood.”

2. How can doing #1 change perceptions and help transform the death economy into a life economy?

   Me: “I will address these ideas in my writings and inspire people to take actions.”

   My carpenter friend: “I will use sustainable materials and broadcast new perceptions about the wise use of such materials to my clients.”

3. What perceptions have blocked me or might block me in the future from doing #1 and #2?

   Me: “I don’t have enough time to write; besides, I’m discouraged because my last manuscript was rejected by publishers.”

   My carpenter friend: “My clients don’t want to pay the extra price for sustainable materials.”

4. When I confront my blockages, recognize, and admit to them, how do my perceptions change?

   Me: “I’ll watch an hour less of TV four nights a week and devote that time to writing; I will not perceive publishers as always right and instead see them as mere mortals who make mistakes; I’ll keep trying different publishers or self-publish.”

   My carpenter friend: “I’ll point out to my clients that the extra price is not a cost but rather an investment in the future for all life.”

5. Once you change perceptions, what actions do you take to realize your mission?

   Me: “I’ll start writing for that extra hour at least four nights a week. I won’t be deterred by rejections; I’ll get right to work and send my manuscript to as many publishers as it takes, or I’ll learn to self-publish.”

> My carpenter friend: “I’ll build houses and cabinets with sustainable materials and emphasize to my clients that they are investing in the future.”

I have found that over time the answers to these questions, especially the last three, vary. For example, once I’ve committed to writing a certain number of hours every week, I’ll need to make decisions about what to write—each day. Thus, it is helpful to review those questions frequently. You can do that in less than ten minutes and each time it gets easier. The process itself is creative and fun.

Having fun is important, both in answering those questions and implementing the actions. Avoid forcing yourself to do things that result in burnout. Of course, there are always aspects that are less attractive than others, like washing the dishes after a great meal. But that should not detract from the pleasure of the meal. For me personally, there are aspects of editing that I don’t enjoy as much as shaping the creative parts of the story. However, I’ve come to look at editing not as a burden but as an opportunity to highlight exciting details.

Honor your dreams, your mission, the things that bring you joy, and take actions that make the world a better place. Know that it is time to end the EHM strategy everywhere. It is time to embrace a perception that supports the long term: “If we want our country to prosper, we will define prosperity as benefiting all life in the entire world, see ourselves as a part of—not apart from—nature, accept that we are the navigators of spaceship Earth, and join forces to pilot ourselves away from the death into the life economy.”

Together we—the peoples of the world—will create a global ecological civilization.

For updates on current events and a gallery of photographs pertaining to this book, see *economichitmanbook.com*.

CONFESSIONS OF AN ECONOMIC HIT MAN DISCUSSION GUIDE

To aid in your discussions about this book in reading groups, book clubs, classrooms, training programs, and other settings, here are some questions that may stimulate and enrich your conversations. Please feel free to focus on those questions that you find most interesting, relevant, and useful for your purposes—or create your own.

PREFACE AND INTRODUCTION

- What examples can you give regarding the ways perceptions have driven actions that changed reality? In your country, in your community, and for you personally?
- Perkins mentions the highly subjective nature of gross domestic product (GDP). How do metrics like this contribute to the EHM strategy?
- Assume you are the leader of a country with natural resources but not the technology to exploit them and your people want you to negotiate a deal with either the US or China. How would the two different perceptions presented by these countries as described in this book impact you?
- Do you see the changes in China's four pillars as significant? Do you believe they are being implemented?

PART I: HARBINGER FOR THE FUTURE

- If you had been President Correa, would you have turned to China the way he did?
- How does a country rich in resources balance its need for income to provide social benefits for its people with its responsibility to protect the environment?

- What research can you find in external sources to support the claims of manipulative behavior by world economic organizations in Ecuador and/or other countries?
- What research can you find to refute these claims?

PART II: 1963–1971

- Perkins writes about the way the American dream impacted his life and job. What preconceptions of the American dream do you have?
- How many, and which of them, have you found to be true? Which have turned out to be false?
- What was your reaction as you read about what the oil executive at the fancy Ecuadorian restaurant told Perkins about Texaco's activities in the Amazon?
- Clearly, Perkins's experiences with local arts and culture in Indonesia stirred the author's conscience. Is this sort of relationship necessary to create positive change (or avoid negative change) in a community?

PART III: 1971–1975

- How does the Panama Canal fit in with the history of economic domination and imperialism?
- How does the history of the development of the Panama Canal compare with the infrastructure projects proposed by Perkins in Indonesia and elsewhere?
- To what extent do you think the now well-documented economic and military ties between the US and Saudi Arabia fed into the US's attitude toward Saudi Arabia following 9/11?
- To what extent are these ties specifically related to empire building?

PART IV: 1975–1981

- Perkins alludes to challenging Western standards of legitimacy. With this in mind, do you think that Western methods of science and economics are as sound as they present themselves to be?

- Is economics a science? Are there ways of understanding prosperity outside the conventions of economics?
- Perkins describes his résumé as being intentionally deceptive but including bits of information that "were impossible to refute because they were based on glimmers of truth, not open deceptions, and because they were produced by a corporation that had earned the trust of other corporations, international banks, and governments." Does this culture persist today? If yes, where do you see it (in business or beyond) and what impact does it have at large?

PART V: 1981–2004

- A greater resistance developed against the classic EHM models because of the US invasions of Panama and Iraq. What are some of the lessons learned?
- Much of the nefarious activity and fallout discussed in this book is substantiated by now uncovered or declassified documents and research. Do you think the narrative around CIA assassinations of Torrijos and Roldós is credible?
- When thinking about phenomena such as these, where is the line between spreading conspiracy theories and illuminating a network of uncomfortable truths?

PART VI: 2004–2016

- Do you think Perkins was poisoned? If so, by whom?
- Perkins outlines the major tenets of the death economy and the life economy. Do you agree with his definitions? Would you add or delete any points?
- What objectives and tactics of the life economy would you prioritize?
- Perkins describes the new breed of economic hit men and jackals. Can you add to his list?

PART VII: CHINA'S EHM STRATEGY

- If you were tasked with developing a plan to expand your nation's economy, how would you decide the risks versus rewards of China's investment offers?
- That China was Argentina's largest trading partner by 2020 (referenced in Chapter 41) begs the question: How does this illustrate Perkins's point that China has approached the EHM strategy with a distinctly different perception?
- In the context of empire building, do you think the United States' emphasis on military power is a mistake?
- How much merit is there in the New Silk Road? Is it simply China's imperial response to the US, or is there real potential for its intended beneficiaries? Both?

CONCLUSION

- Can you add items to the bullets provided for dealing with each of the four pillars?
- When you ask yourself and answer the five questions, do you feel empowered to move forward with your mission—finding that which will bring you the greatest satisfaction in life?
- Do you see ways you can help make the transition from the death to a life economy?

QUESTIONS AND CONSIDERATIONS FOR THE WHOLE BOOK

- Much of this book is concerned with challenging dominant narratives. What are some of the preconceptions you held before reading that you have reconsidered since?
- How does Perkins's narrative challenge the specific narratives and wisdom in business education and practice?
- What policies should we implement in our corporations and other institutions to facilitate expanding the life economy?
- What narratives does Perkins present that raise skepticism on your part?

Topic-Based Questions

ECONOMIC HIT MEN

- Do you think, as Perkins suggests, that many people employed in the position of economic hit men today are not aware of the detrimental aspects or their role in it?
- As an exercise, how might you go about explaining the EHM strategy to a skeptical audience? What could you say to maintain credibility and do justice to other perspectives?

EHM STRATEGIES/FORMULAS

- Are there any tactics not discussed in this book that you think qualify as EHM strategies?
- To what extent has the EHM strategy been employed in the country where you live?

THE DEBT TRAP

- The debt trap affects individuals as much as nations. What are some ideas for preventing or reducing the dominance of debt?
- Are there alternatives to the debt-based system of credit used throughout most of the world?

FALSE PERCEPTIONS OF ECONOMIC BENEFIT

- China's EHM strategy emphasizes the benefits of its loan programs to other countries. Why is this claim so central?
- Based on the text, where does this claim start to fall apart?

EXPANDING WEALTH INEQUALITY

- According to the UN, the wealth gap between nations has decreased, while the wealth gap within countries has expanded. (*un.org/en/un75/inequality-bridging-divide*). Do you think economic hit men have deemphasized national identity as a way to advance the interests of Big Businesses and their major owners?

- How have economic hit men contributed to wealth inequality in the Western world?
- Has this book challenged your ideas of meritocracy or what it takes to get ahead in the world?

RESOURCE EXTRACTION

- It has long been suggested that the United States wages wars and, as Perkins notes in his section on Africa, fails to intervene in conflicts that destabilize regions rich in resources. Do you think there is a parallel in China's policies?
- Many people today are calling for a "de-growth movement" that emphasizes less production and consumption. In your opinion, do we need growth in the traditional economic sense to sustain our societies?
- Are there other kinds of growth that lead to the life economy?

THE DEATH ECONOMY VERSUS THE LIFE ECONOMY

- Do you find the framework of the life versus death economy useful?
- Are there ways in which you might improve it or adapt it to your circumstances?
- How much emphasis would you put on small-scale community-based solutions and how much on advocating for large-scale institutional change?

RESOURCES

Here are a few more resources, in addition to those provided in the footnotes. They include brief descriptions unless the title makes this self-evident.

FILM

An American Coup, a ninety-eight-minute documentary about the CIA coup in Iran; *https://www.imdb.com/title/tt1800242/*

"An Economic Hit Man Confesses and Calls to Action," a John Perkins TEDx talk, *https://www.youtube.com/watch?v=btF6nKHo2i0*

Apology of an Economic Hit Man, a ninety-minute documentary produced by a Greek production company, focused on a speech Perkins made in Ecuador, with flashbacks to his days as an EHM and including file footage of US propaganda and the deaths of heads of state in Ecuador and Panama, *https://www.youtube.com/watch?v=DPoLsZpRK38*.

"Economic Hitmen Cartoon," a two-and-a-half-minute cartoon animation with John Perkins, explaining how corporations destroy nation states with debt, war, and predatory capitalism, *https://www.youtube.com/watch?v=RozOiZAK9lQ*.

Life and Debt, a 2001 feature-length film directed by Stephanie Black, concerned with failed IMF and World Bank loans and policies implemented in Jamaica, the resulting debts and their implications for the nation, and criticisms of these institutions levied by former Jamaican president Michael Manley, *https://www.imdb.com/title/tt0284262/*.

The Big Short, a 2015 film directed by Adam McKay that is based on the 2007–2008 global economic recession and explains many of the tools used

by speculators and the wealthy to manipulate financial markets, *https://www.imdb.com/title/tt1596363*.

The Panama Deception, a 1992 film directed by Barbara Trent that addresses the US invasion of Panama, provides a narrative with insights into the atrocities committed by US military forces, and argues that the true goal of the invasion was to retain US control of the Panama Canal and install a friendly government, *https://www.imdb.com/title/tt0105089/*.

The Wolf of Wall Street, a 2013 film directed by Martin Scorsese that tells the true story of a Wall Street broker who was engaged in rampant corruption and fraud, *https://www.imdb.com/title/tt0993846/*.

"China's Profitable Business of Enslaving Africa," *https://www.youtube.com/watch?v=6lz1RQw_MgU*.

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(This book analyzes the "utopian ideal" of the Third World and its use in subjugating so-called Third World countries in the economic/ political order.)

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(This book details European colonialism in Africa and its attendant exploitation of resources and political structures, which contributed to the

lasting underdevelopment of one of the most resource-rich continents in the world.)

Stone, Isaac. *America Second: How America's Elites Are Making China Stronger*. New York: Knopf, 2022.

Wang, Zhihe, and Meijun Fan. "Tong (通): What the West Can Learn from China." *International Daily*, June 21, 2018.

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Zinn, Howard. *A People's History of the United States.* New York: Harper Perennial Modern Classics, 2005.

OTHER

Garcia, Cardiff. "The Great Turnaround." The New Bazaar podcast, 2021. *https://open.spotify.com/episode/42ot6CHUCEwkXDsjr-1CE2o?si=kSuDEaL3QpW55YDfsOTBWg*.

(This podcast presents a contrasting defense of liberal economic policies and stresses the distinction between debt and equity investment in development initiatives.)

Ni, Vincent, and Helen Davidson. "'More Cautious' China Shifts Africa Approach from Debt to Vaccine Diplomacy." *The Guardian*. December 8, 2021. *https://www.theguardian.com/world/2021/dec/08/more-cautious-china-shifts-africa-approach-from-debt-to-vaccine-diplomacy*.

(This article discusses China's contemporary approach to economic diplomacy.)

Schmitz, Rob. "How a Chinese-Built Highway Drove Montenegro Deep Into Debt." NPR. June 28, 2021. *https://www.npr.org/2021/06/28/1010832606/road-deal-with-china-is-blamed-for-catapulting-montenegro-into-historic-debt*.

(This article explores an example of China's infrastructure projects akin to those instigated by the EHMs of Perkins's era.)

APPENDIX

Death versus Life Economy

There is a major difference between capitalism and what many economists refer to as "predatory capitalism," a deviant that has little in common with the original. According to *Merriam-Webster*, capitalism is

> *An economic system characterized by private or corporate ownership of capital goods, by investments that are determined by private decision, and by prices, production, and the distribution of goods that are determined mainly by competition in a free market.*[1]

The *Oxford Dictionary* defines it as

> *An economic and political system in which a country's trade and industry are controlled by private owners for profit, rather than by the state.*[2]

Today's death economy is a far cry from either of these definitions. It is characterized by businesses that destroy or absorb their competition and oppose free market policies. Not only does the state not own businesses; businesses and their billionaire shareholders control the state. It is a predatory aberrant that actually should not be considered capitalism.

The death economy is driven by the goal that was promoted by a group of economists in the 1970s and 1980s, including Nobel Prize winners Friedrich von Hayek (1974) and Milton Friedman (1976), and can be summarized as "the only responsibility of business is to maximize shortterm owner profits, regardless of the social and environmental costs."

The stories that accompany this perception give corporate executives the right—even the mandate—to do whatever they think it will take to maximize profits, including buying public officials through campaign financing and promises of lucrative post-government consulting or lobbying jobs; exploiting workers; annihilating or buying out their competitors; destroying environments; reducing taxes and wages; lobbying against pro-worker, pro-consumer, and pro-ecology regulations; promising (as well as

threatening) to impact economies by locating their facilities in (or removing them from) cities and countries; and depleting the very resources upon which the long-term survival of their businesses depends. These stories promote top-down, authoritarian chains of command and autocratic management styles in government as well as business.

KEY CHARACTERISTICS OF THE DEATH ECONOMY

- Its goal is to maximize short-term profits for a relative few.
- It uses fear and debt to gain market share and political control.
- It promotes the idea that for someone to win, another must lose.
- It is predatory, encouraging businesses to prey on each other, people, and the environment.
- It destroys resources needed for its own long-term survival.
- It values goods and services that are "extractive" and materialistic above those that enhance quality of life (e.g., child-rearing, the arts).
- It is heavily influenced by nonproductive financial deals (stock manipulation, financialization, gambling).
- It ignores externalities, such as environmental destruction and exploitation of workers, when measuring profits, GDP, and other metrics.
- It invests heavily in militarization—in killing, or threatening to kill, people and other life forms and destroying infrastructure.
- It causes pollution, environmental collapse, and drastic income and social inequality and may lead to political instability.
- It vilifies taxes, rather than defining them as investments (in social services, infrastructure, the military, etc.).
- It is undemocratic, encouraging the growth of large corporations controlled by a few individuals whose money has a strong influence on politics (monopolies that lead to oligarchies).
- It is based on top-down, authoritarian chains of command that support autocratic management styles in business and government.

- It places higher values on nonproductive jobs (venture capitalists, investment bankers) than productive ones (laborers, factory workers) and those that enrich life (teachers, musicians, artists).
- It keeps billions of people in poverty.
- It classifies plants, animals, and the entire natural world as depletable resources; fails to respect and protect nature; and causes massive extinctions and other irreversible problems.
- It has become the predominant advocate of what it calls "capitalism" around the world.

The future lies in transforming the death economy into a life economy that cleans up pollution, regenerates devastated ecosystems, recycles, and develops technologies that restore resources and that benefit, rather than ravage, the environment. Businesses that pay returns to investors who invest in an economy that is itself a renewable resource become the success stories.

The life economy is driven by the goal of maximizing long-term benefits for people and the environment.

KEY CHARACTERISTICS OF THE LIFE ECONOMY

- Its goal is to serve a public interest (maximize long-term benefits for people and nature).
- Its laws support level playing fields that encourage healthy non-monopolistic competition, innovative ideas, and sustainable products.
- It embraces a sense of cooperation, the idea that we all can win when we set our goals for long-term benefits for all.
- It values quality of life and spiritually enhancing activities above those based solely on materialism and extraction.
- It is based on beneficially productive activities, such as recycling, education, health care, and the arts, rather than the nonproductive, such as stock manipulation, financialization, and gambling.
- It cleans up pollution.

- It regenerates devastated environments.
- It is driven by compassion and debt avoidance.
- It helps hungry people feed themselves.
- It includes externalities in its financial and economic measurements.
- It innovates—develops and embraces new, regenerative, sustainable technologies.
- It recycles.
- It defines taxes as investments (should your tax monies be invested in health care or militarization?).
- It is democratic, encouraging locally based commerce and employee- or community-owned businesses that benefit many (e.g., cooperatives, B corporations).
- It reinforces democratic decision-making processes and management styles in business and government.
- It places a high value on jobs that enrich life (musicians, social and medical workers, parents).
- It is based on a foundational knowledge that humans are in a symbiotic relationship with our planet, that we must respect, honor, and protect the natural world.
- It rewards investors who support all the previous characteristics.
- It was the predominant form of economic evolution for much of the two hundred thousand years of human history.

The transition happens through changes in the perceptions that drive values and actions and the stories we tell around them. “Maximize shortterm profits for a few, regardless of the social and environmental costs” becomes “maximize long-term benefits for all people and nature.” When groups of consumers, workers, and investors accept these values and take actions to support businesses that promote and governments that support them, the result is known as an *ecological civilization*. David Korten, a former Harvard Business School faculty member and adviser to the Ford and Rockefeller Foundations, USAID missions, and business

schools in Asia, Latin America, and Africa, wrote in a 2021 Club of Rome paper that an ecological civilization is one that will "transform our relationship to nature to restore and enhance its regenerative health and beauty . . . . And assure that every business is dedicated to fulfilling a public purpose beneficial to the communities in which it does business."[3] During a recent exchange, David added:

> *It all turns on the story by which we define ourselves. Are we financial beings inhabiting a dead rock floating in space? Or are we living beings born of and nurtured by a living Earth? If we were purely financial beings living on money, it might logically follow that more money is always better and the proper role of business is to maximize short term profits without regard to social or environmental consequences.*
>
> *We, however, are living beings whose wellbeing depends on clean air and water, fertile soils, a stable climate and the wellbeing of one another and Earth. Our future depends on a human transition to an ecological civilization in which the recognized purpose of business is to secure that wellbeing. Money will be a sometimes-useful tool. For private business, a fair profit will be a necessary means. Money will never be a defining purpose.*

China's Communist Party has included the goal of achieving an Ecological Civilization in its constitution and five-year plan.

JOHN PERKINS PERSONAL HISTORY

1963	Graduates prep school, enters Middlebury College.
1964	Befriends Farhad, son of an Iranian general. Drops out of Middlebury.
1965	Works for Hearst newspapers in Boston.
1966	Enters Boston University College of Business Administration.
1967	Marries former Middlebury classmate, whose “Uncle Frank” is a top-echelon executive at the National Security Agency (NSA).
1968	Profiled by the NSA as an ideal economic hit man. With Uncle Frank’s blessing, joins the Peace Corps and is assigned to the Ecuadorian Amazon, where ancient indigenous nations battle US oil companies.
1969	Lives in the rain forest and the Andes. Experiences firsthand the deceitful and destructive practices employed by oil companies and government agencies, and their negative impacts on local cultures and environments.
1970	In Ecuador, meets vice president of international consulting firm MAIN, who is also an NSA liaison officer.
1971	Joins MAIN, undergoes clandestine training in Boston as an economic hit man (EHM), and is sent as part of an eleven-man team to Java, Indonesia. Struggles with conscience over pressure to falsify economic studies.
1972	Due to willingness to “cooperate,” is promoted to chief economist and is viewed as a “whiz kid.” Meets important leaders, including World Bank president Robert McNamara. Sent on special assignment to Panama. Befriended by Panamanian president and charismatic leader, Omar Torrijos; learns about history of US imperialism and Torrijos’s determination to transfer Canal ownership from the United States to Panama.
1973	Career skyrockets. Builds empire within MAIN; continues work in Panama; travels extensively and conducts studies in Asia, Latin America, and the Middle East.
1974	Instrumental in initiating a huge EHM success in Saudi Arabia. Royal family agrees to invest billions of dollars of oil income in US securities and to allow the US Department of the Treasury to use the interest from those investments to hire US firms to build power and water systems, highways, ports, and cities in the kingdom. In exchange, the United States guarantees that the royal family will continue to rule. This will serve as a model for future EHM deals, including one that ultimately fails in Iraq.

1975	Promoted again—to youngest partner in MAIN's one-hundred-year history—and named manager of Economics and Regional Planning. Publishes series of influential papers; lectures at Harvard and other institutions.
1976	Heads major projects around the world, in Africa, Asia, Latin America, North America, and the Middle East. Learns from the shah of Iran a revolutionary approach to EHM empire building.
1977	Due to personal relationships in Colombia, becomes exposed to the plight of farmers who are branded as Communist terrorists and drug traffickers, but are in fact peasants trying to protect their families and homes.
1978	Rushed out of Iran by Farhad. Together, they fly to the Rome home of Farhad's father, an Iranian general, who predicts the shah's imminent ouster and blames US policy, corrupt leaders, and despotic governments for the hatred sweeping the Middle East. He warns that if the United States does not become more compassionate, the situation will deteriorate.
1979	Struggles with conscience as the shah flees his country and Iranians storm the US embassy, taking fifty-two hostages. Realizes that the United States is a nation laboring to deny the truth about its imperialist role in the world. After years of tension and frequent separations, divorces first wife.
1980	Suffers from deep depression, guilt, and the realization that money and power have trapped him at MAIN. Quits.
1981	Is deeply disturbed when Ecuador's president Jaime Roldós (who has campaigned on an anti-oil platform) and Panama's Omar Torrijos (who has incurred the wrath of powerful Washington interests, due to his positions on the Panama Canal and US military bases) die in fiery airplane crashes that have all the markings of CIA assassinations. Marries for the second time, to a woman whose father is chief architect at Bechtel Corporation and is in charge of designing and building cities in Saudi Arabia—work financed through the 1974 EHM deal.
1982	Creates Independent Power Systems Inc. (IPS), a company committed to producing environmentally friendly electricity. Fathers Jessica.
1983–1989	Succeeds spectacularly as IPS CEO, with much help from "coincidences"—people in high places, tax breaks, and more. As a father, frets over world crises and former EHM role. Begins writing a tell-all book, but is offered a lucrative consulting retainer on the condition that he not write the book.
1990–1991	Following the US invasion of Panama and imprisonment of Noriega, sells IPS and retires at forty-five. Contemplates book about life as an EHM, but instead is persuaded to direct energies toward creating a nonprofit organization, an effort which, he is told, would be negatively impacted by such a book.
1992–2000	Watches the EHM failures in Iraq that result in the first Gulf War. Three times starts to write the EHM book, but instead gives in to threats and bribes. Tries to assuage conscience by writing books about indigenous peoples, supporting nonprofit organizations, teaching at New Age forums, traveling to the Amazon and the Himalayas, meeting with the Dalai Lama, and more.

2001–2002	Leads a group of North Americans deep into the Amazon, and is there with indigenous people on September 11, 2001. Spends a day at Ground Zero and commits to writing the book that can heal his pain and expose the truth behind EHMs.
2003–2004	Returns to the Ecuadorian Amazon to meet with the indigenous nations who have threatened war against the oil companies; writes *Confessions of an Economic Hit Man*.
2005–2016	Following publication of the international bestseller, *Confessions of an Economic Hit Man*, takes his message of the need to replace the death economy with a life economy on global speaking tours, to corporate summits, large groups of CEOs and other business leaders, consumer conferences, music festivals, and more than fifty universities. Commits to deeper activism; is featured on ABC, NBC, CNN, CNBC, NPR, A&E, and the History Channel; in *Time*, the *New York Times*, the *Washington Post*, *Cosmopolitan*, *Elle*, *Der Spiegel*, and many other publications; as well as in numerous documentaries including *The End of Poverty?*, *Zeitgeist Addendum*, and *Apology of an Economic Hit Man*. Writes *The New Confessions of an Economic Hit Man.*
2016–2022	Due to the global impact of *The New Confessions*, is invited to media events, speaking engagements, and meetings with current and former heads of state, politicians, government officials, corporate executives, students, environmental and social justice groups, and others in many countries. Becomes impressed with the rising power of China and the ways its EHMs learned from the successes and failures of the US EHM strategy. Convinced that transforming the death to life economy requires cooperation between the US and China, writes *Confessions of an Economic Hit Man*, 3rd edition.

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ABOUT THE AUTHOR

Peace Corps, Ecuador, 1968

JOHN PERKINS has lived four lives: as chief economist of a major consulting firm where his actual job was that of an economic hit man (EHM); as CEO of a successful alternative energy company, who was rewarded for not disclosing his EHM past; as an expert on indigenous cultures, a teacher, and writer who used this expertise to promote ecology and sustainability while continuing to honor his vows of silence about his EHM life; and now as a writer and activist who, in telling the real-life story about his extraordinary experiences, exposed the world of international intrigue and corruption that used the EHM strategy to turn the American republic into a global empire. In *Confessions of an Economic Hit Man*, 3rd edition, he continues this process by describing China's highly effective and dangerous modifications to the EHM strategy and offering a plan for transforming a degenerative, failing death economy into a regenerative, successful life economy.

As described in this third edition, John's EHM job involved convincing lower-income countries to accept enormous loans for infrastructure projects that profited US businesses. Once those countries were saddled with debt, US and Chinese corporations exploited their oil and other resources.

John was either a direct participant in or a witness to some of the most dramatic events in modern history, including the Saudi Arabian Money-Laundering Affair, the rise and fall of the shah of Iran, the suspicious deaths of Ecuador's President Jaime Roldós and Panama's Omar Torrijos, the US invasion of Panama, and actions that resulted in the 2003 Iraq War.

After leaving the EHM ranks, he founded Independent Power Systems, Inc. (IPS), an alternative energy company. Under John's leadership, IPS was extremely successful in a high-risk business. Many "coincidences" and favors from people in powerful positions helped make IPS an industry leader. When he began to write about EHMs and the "jackals" who foment coups and assassinations, his life and that of his infant daughter were threatened. He took a bribe, accepting a job as a highly paid consultant in exchange for not writing the book.

During the 1990s, John assuaged his guilt by founding or cofounding the nonprofit organizations, Dream Change and the Pachamama Alliance. He applied his consulting fees to championing indigenous rights and environmental movements, working especially closely with Amazonian nations.

The events of September 11, 2001, convinced John to ignore the threats and bribes and write *Confessions of an Economic Hit Man*. It became an international bestseller in thirty-eight languages, spent seventy-three weeks on the *New York Times* bestseller list, has sold more than 2 million copies, and launched John on a global speaking tour to corporate summits, consumer and environmental conferences, music festivals, more than fifty universities, and venues in China and other Asian countries.

John has been featured on ABC, NBC, CNN, CNBC, NPR, A&E, and the History Channel, and in *Time*, the *New York Times*, the *Washington Post*, *Cosmopolitan*, *Elle*, *Der Spiegel*, and many other publications, as well as in numerous documentaries. He was awarded the Lennon Ono Grant for Peace and Rainforest Action Network Challenging Business as Usual Award.

Since the first edition of *Confessions of an Economic Hit Man,* he has written *The Secret History of the American Empire* (Penguin; also a *New*

York Times bestseller), *Hoodwinked* (Random House), *The New Confessions of an Economic Hit Man* (Berrett-Koehler), *Touching the Jaguar* (Berrett-Koehler), and his latest, *Confessions of an Economic Hit Man*, 3rd edition (Berrett-Koehler). He is also the author of books on indigenous cultures and transformation, including *Shapeshifting*, *The World Is As You Dream It*, *Psychonavigation*, *Spirit of the Shuar*, and *The Stress-Free Habit* (all Inner Traditions, Bear and Company).

To learn more about John, find out where he is lecturing, order his books, subscribe to his newsletter, or contact him, please visit *JohnPerkins.org*.

To discover more about Dream Change and The Pachamama Alliance, please link to *dreamchange.org* and *pachamama.org*.

For updates on current events and a gallery of photographs pertaining to this book, see *economichitmanbook.com*.

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